

JPRS-NEA-89-023  
23 MARCH 1989



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# ***JPRS Report***

## **Near East & South Asia**

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# Near East & South Asia

JPRS-NEA-89-023

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## REGIONAL

### **Egypt, Ethiopia Sign Joint Protocols** *NC1003195189 Cairo MENA in English* 1918 GMT 10 Mar 89

[Text] Today Egypt and Ethiopia signed three protocols on cooperation between them.

Egyptian Minister of State for Foreign Affairs Butrus Ghali signed for Egypt and Minister of Foreign Affairs Berhanu Bayeh signed for Ethiopia.

The first protocol covers cooperation in the cultural, scientific and technological fields. The second protocol covers increasing trade exchange between the two countries. The third protocol deals with technical cooperation between the Egyptian technical cooperation fund for Africa and the Ethiopian Government.

Butrus Ghali said the sum total of these documents signed today forms a new typical phase of relations between Egypt and Ethiopia, not only at the bilateral level, but also at the regional level comprising Nile basin countries.

Ghali underlined that the atmosphere of cooperation and understanding stemmed from historical links with the Nile river, constituting a strong foundation of joint interests between the Egyptian and Ethiopian peoples.

Ghali led the Egyptian side to meetings of the first session of the Joint Egyptian-Ethiopian Committee, opened here on March 7.

## PALESTINIAN AFFAIRS

### **PLO-U.S. Bargaining Described** *44040225 Nicosia FILASTIN AL-THAWRAH in Arabic* 25 Dec 88 pp 18-19

[Article by Jawad al-Bashiti: "After Palestinian-American 'Political War' Lasting a Month, Moderation When One Has Strength"]

[Excerpts] It was difficult bargaining, without doubt, given the fact that every revolutionary policy contains an element of bargaining, although it is not to be equated with that element. The Palestinians embarked upon the bargaining struggle under the slogan, "Everything possible for the sake of establishing the state of Palestine."

What Israel most feared happened, and in a way Israel never dreamt of. The outgoing administration of President Ronald Reagan, considered one of the American administrations strongest in its support and backing for the State of Israel, announces, in complete agreement with the George Bush administration, which would replace it officially on 20 January, that it has lifted the veto on contact and dialogue with the PLO, having

accepted the way in which PLO leader Yasir 'Arafat formulated the organization's acceptance of the three American conditions. [passage omitted]

The decisive turning point in the Palestinian camp's new political thinking was the announcement of the establishment of the state of Palestine in accordance with the principles and provisions of three important international resolutions: UN General Assembly Resolution 181, which divided Palestine into two states, an Arab Palestinian state and a Jewish one, and Security Council Resolutions 242 and 338.

With the announcement of the "declaration of independence" and the "political statement" at the conclusion of the activity of last month's emergency session of the Palestinian National Council in Algiers, and with the nearly complete Arab recognition and increasing international recognition of the state of Palestine, it became possible for the PLO to reconsider its position on the American conditions—thus, "moderation when one has strength."

The Palestinian leader went to Geneva to give his historic speech before the UN General Assembly. Meanwhile, the American administration was convinced, in light of information obtained through intermediaries, that the speech would contain acceptance of the three conditions. Washington informed Israel that it would make a decision to begin dialogue with the PLO as soon as the Palestinian leader's speech was concluded.

All participants in the behind-the-scenes diplomacy were intent upon the moment when 'Arafat would explode his political bomb from the rostrum of the General Assembly.

Deciding to anticipate the historic event whose day he had hoped he would never live to see, Shamir announced, "Yasir 'Arafat is playing tricks, and the Western World, including some American circles, is apparently willing to be deceived." He also said, "This situation constitutes a danger for Israel, because if 'Arafat's words are taken seriously, pressures will increase upon our country."

However, in a maneuver that only a player seasoned in the most delicate and critical moments of history could pull off, the Palestinian leader replaced one surprise with another. He announced, in the third section of the initiative contained in his speech, "The PLO will work to reach a comprehensive peaceful settlement between the parties of the Arab-Israeli conflict, including the state of Palestine, Israel, and the other neighboring states, in the context of the international conference for peace in the Middle East, so as to achieve equality and balance of interests, particularly the right of our people to liberation and national independence, and the respect for the right of all to life, peace, and security, in accordance with Resolutions 242 and 338."



The Palestinian leader announced this initiative as chairman of the PLO Executive Committee, which at present exercises the functions of a provisional government of the state of Palestine.

As leader of the PLO, he had previously announced his condemnation of terrorism. On this subject, he said, "As chairman of the PLO, I again announce that I condemn terrorism in all its forms." As General Vernon Walters, U.S. representative to the United Nations, listened to the speech, he seemed to be saying, "We were wrong again this time."

As soon as 'Arafat left the hall after giving his speech, eyes turned toward Washington to learn the American reaction.

While everybody was waiting with bated breath, Shamir went to the newsmen to inform them that 'Arafat had not fulfilled the American conditions. In circles close to Shamir there was a feeling that "the storm has passed by." These circles began to assert again that "such an about-face was contrary to the essence of the PLO, which was and would remain a terrorist organization."

Then came the American response. A State Department spokesman, Charles Redman, announced, "'Arafat has not accepted the conditions the United States set for a dialogue with the PLO." Redman described the speech as having remained "vague," in spite of its having contained "some important and positive changes." Redman said in conclusion, "Some intimated that the PLO would issue an announcement accepting our conditions. This, however, has not happened."

Was this the final American position? That was the question everybody was asking. When Walters' turn came to speak for the United States before the UN General Assembly, what he said lacked any reference to the PLO or 'Arafat's speech.

It appeared that the historical opportunity was about to be lost this time, particularly when the White House issued a statement mourning the death of an opportunity for peace. The statement contained the following: "President Reagan has been disappointed, because the United States failed during his administration to give impetus to the Middle East peace process; but he believes he has done his utmost to achieve this goal."

Matters were tottering on the brink, which was just what the Palestinian leader wanted, so that he could play one of his most important cards with great confidence.

"Is peace in the Middle East an urgent international need?

"If this is the case, let us observe at this delicate and fateful moment how the active international and regional parties will act in regard to this historic peace opportunity about to expire."

This is how the Palestinian leader was probably thinking; and, in the course of a few hours, he was able to set in motion all the international and regional balances connected with the Middle East peace process.

The Palestinian leader held his historic press conference and read in English to the journalists statement number 1 in the course of peace in the Middle East. In reality, it was the result of regional and international moves unprecedented in the history of international diplomacy, so that one might say that it was more a statement of international will, than a statement by the PLO chairman.

The statement contained the following: "In the speech I gave before the UN General Assembly, it was clear that we were speaking about our people's right to freedom and independence under Resolution 181 and about the right of all parties, including the state of Palestine, Israel, and the neighboring states to existence and life in peace and security.

"The PLO accepts Security Council Resolutions 242 and 338 as a basis for peace negotiations in the context of an international conference on the Middle East.

"I repeat that we reject—renounce—terrorism in all its forms, including individual, state, or group terrorism." Addressing the journalists, 'Arafat then said, "I want you to repeat clearly what I am saying to you: 'We want peace. We want peace. We desire it. We want to live in our Palestinian state and let others live.'"

Two observations are in order:

1. 'Arafat said, "All other calls that assert that the Palestinians ought to yield more or have not yielded enough are harmful," and he repeated three times, "This is enough." Then he indicated that no one could stop the Palestinian intifadah; it would stop only when its demands were fulfilled.

2. Asked for a yes-or-no reply to the question of whether he recognized Israel's right to exist, 'Arafat answered, "My statements are clear."

Only 4 hours later, the American decision was broadcast, inaugurating a new era in the Middle East. It fell upon Israel like a bolt from the blue.

The statement that 'Arafat broadcast was a major bit of international bargaining. Its most important elements were as follows:

1. The Palestinian step took the form of an English-language statement announced at the beginning of a press conference by the Palestinian leader. Thus, the statement was a clarification of a speech, which was in its turn a clarification of resolutions of the Palestinian

National Council. 'Arafat's holding to the rules of the game led him to make the statement in the context of a news conference, not as part of the speech.

2. Instead of the formula, "recognition of Israel's right to exist," on which the United States insisted, the statement spoke of "the right of all parties, including the state of Palestine, Israel, and their neighboring states, to exist and live in security and peace."

3. The proclamation of the state of Palestine with Arab and international recognition was an expression of the Palestinian people's exercise of its right to self-determination. We therefore made no gratuitous concession when we announced in the statement our acceptance of Security Council Resolutions 242 and 338 as a basis of peace negotiations in the context of an international conference on the Middle East.

It must be clear that these two resolutions have the same relation to peace negotiations as these negotiations have to the international conference.

4. No national liberation movement's struggle is devoid of certain terrorist activities. When this movement comes to be in the position of being responsible for the cause of an entire people, it is natural that the movement should accompany its condemnation of terrorism with an announcement of its abandonment and renunciation of it. People have attempted to classify armed struggle and the intifadah as terrorism, but the Palestinian viewpoint has finally prevailed; it condemns and rejects terrorism, but the armed struggle and intifadah will continue until their objective causes cease.

5. The American decision to open official dialogue with the PLO had to come simultaneously from President Ronald Reagan and Secretary of State George Shultz and with the approval of President-Elect George Bush.

These are the outlines of the major international bargaining that the Palestinian "hard number" recently imposed in the regional peace equation.

It was bargaining, without doubt. Every revolutionary policy contains an element of bargaining, although it is not to be equated with that element. The essence of the bargaining is, "Everything possible for the sake of establishing the state of Palestine."

### **Economic Troubles in West Bank, Gaza Discussed**

#### **Difficulties Detailed**

44040273 Jerusalem AL-BAYADIR AL-SIYASI  
in Arabic 4 Feb 83 pp 20-23

[Article by Wafa' al-Bahr: "The Palestinian Being, Between Dinar Hysteria and Shekel Chronic Illness. Economic Revival Gone for Good"]

[Text] The transformation of the economic situation in the occupied areas is something resembling "stock market" activity, one day rising and one day falling,

without a dividing line between the ups and downs. It has prompted the people to submit their fate to the unknown and fear of the future in the wake of the Israeli Government's new economic plan, and the fall of the shekel in particular, aside from a set of deliberate economic measures aimed at draining the pockets by various ways and means.

Moreover, this "hysteric" state of the economy has gone beyond the shekel and the whole set of economic measures, as well as the special events occurring in the occupied areas, as direct influencing factors. There is the abnormal fall of the Jordanian dinar in the wake of the recent measures the Jordanian Government has adopted with the aim of upgrading the state of its national economy.

Amid this situation, Palestinian citizens and Palestinian families find themselves between a rock and a hard place. They are unable to improve their economic situation in accordance with their abilities, self-capabilities and national aspirations and unable, owing to the status quo, to break away completely thereby achieving the desired independence at the various levels. For—disengagement notwithstanding—any fall in the dinar, and in the shekel as well, can have an impact on them. Solutions currently put forward, and by virtue of political solutions and tendencies raised in the arena, call for "waiting" and patience until a clearer vision of what is going on in the area is attained on the ground that the economic situation has never been perfectly healthy. If it is not taking a turn for the worse, it is bad and requires a complete restructuring to protect the people against its abnormal fluctuations. The two main things lacking in this economy are bread for the poor and milk for the children.

Just as no two people disagree that the economic situation is so bad that we can see ourselves tomorrow carrying a briefcase full of dinars to buy our daily food, all the inhabitants of the occupied areas agree on the ability of the new Palestinian defiance to face all ongoing changes and developments, be they economic, political, or social. For this current state is a special, a very special phase worthy of whatever high "price" being paid today.

All this, however, does not preclude the need to be aware of the dimensions and the causes of the crisis in light of the new Peres financial plan, the fall of the dinar, the disappearance of the shekel from the market and possible solutions to protect the people against this contrived surge.

### **Al-Daqqaq Maintains: People Living Between Two States of Affairs and Have No Choice**

Ibrahim al-Daqqaq, former president of the engineers union in the occupied territories, explains the secrets and the roots of the economic crisis, represented by the dinar and the shekel game, by saying: "It is expected and very natural that the shekel should be subjected to great pressures brought to bear by current events in the

occupied areas, on the one hand, and by developments on the Israeli arena, on the other hand, as well as by the failed economic policy based on traditional Zionist concepts. For example, it is clear that the kibbutz and moshav communities within Israel have failed to survive under the principles and rules on which they were founded. Their cooperative and quasi-socialist farms have turned into profit-seeking establishments, making it necessary to alter the forms of relations within the kibbutz or moshav community itself. That is why these establishments are pressuring the government to provide them with aid just to survive. It is common knowledge that some kibbutzim in the Golan Heights have gone out of business and many others have shifted from the agricultural track to the industrial track and, as a result, are now employing workers from outside the kibbutz.

Al-Daqqaq believes that all these indicators are inconsistent with the "Zionist socialist" rationale on which the idea of the kibbutz was founded. Moreover, the Histadrut has failed to fulfill two conflicting roles: that of the employer, represented by the holding company "Efrat Ha'ovdim" that controls the "Koor" company and that of the union representing labor interests in Israel.

He said: "In related developments, the industrial and technological sector in Israel has grown immensely dependent on foreign sources led by American ones, thus making it more vulnerable than others to European market fluctuations."

He added: "Add to this other facts, including, for example, the failure of the Israeli establishment to subsidize the agricultural sector to allow it to serve the Zionist strategic objective of going back to the land, its over-emphasis on the military industrial sector, and its reliance on the state of unrest and instability in the world to market Israeli production."

Al-Daqqaq asserts that all these circumstances place Israel and the Israeli economy before an urgent need to restructure its "production-consumption" economy in accordance with the current relaxation in international relations and Israel's actual capabilities.

Al-Daqqaq said: "Whereas I have alluded to Israel's concern with the development of its military industry, this over-concern does not help it any more to solve its political problem with the occupied areas and its Arab neighbors. Rather, Israel and its policy have become captive to this tendency and it is living under a dangerous state of instability. Therefore, it is no wonder that the value of the shekel should decline under such realities, that the standard of living should drop so manifestly, and that Israel should fail to put a stop to this chronic illness." He said this while attributing the fall of the dinar to many pressures and to causes that include the predominance of the services sector in the Jordanian economy and over-dependence on foreign sources of remittance in fulfillment of a military-consumptive pattern inconsistent with Jordan's needs.

Furthermore, a large number of businessmen and citizens in the occupied territories do not overrule, in this regard, a set of other elements, most important of which are the impact current events have had on the dinar, the Jordanian Government's move in disengaging the two banks, thus prompting scores of Palestinian capitalists to withdraw their accounts from Jordanian banks and the halting of the Iran-Iraq War and the consequent revival of the Iraqi dinar which went up to almost 100 Jordanian piasters following its fall after 8 years of war to just 60 piasters. Add to that a whole set of Israeli measures, including a ban on bringing money into the occupied territories, lowering the amount allowed to be brought, from the original 400 Jordanian dinars to only 200 Jordanian dinars.

Al-Daqqaq said: "Naturally, the Palestinian in the occupied territories is living under the pressures of these two situations, the Israeli one and the Jordanian one, and is suffering the problems of both sides while being denied the chance to choose a method that suits him without outside interference."

#### Shekel Cancer and the Temporary Fall of the Dinar

Economist Hisham Jabr, lecturer at al-Najah National University in Nablus, said: "The fall of the Jordanian dinar was expected due to the depreciation it had suffered since the beginning of 1986 compared to the value of other currencies. The dollar, for example, used to depreciate exactly like and sometimes at a rate of up to 40 percent more than the dinar. As a result, the dinar seemed to be higher than the dollar, but what has actually happened is that the dollar has shown some improvement in the last 6 months, thus causing the dinar to fall.

"When the Jordanian authorities sensed that the dinar was falling naturally, they decided to depreciate it publicly with a view to increasing its exports, decreasing its imports, cutting general spending, and raising customs and departure fees and taxes with the aim of augmenting the government's general revenues. In contrast, we find that the Israeli shekel is suffering from a malignant cancer-like disease which is aggravated whenever the shekel falls against the dinar, dropping in some cases to 5.4 to 5.7 shekels to the dinar. All this was caused by the Israeli national product's failure to cope with the growing money supply against the shekel as well as by higher spending on the military and the building of settlements—spending without returns, of course, thus over-taxing the Israeli economy and forcing the government to depreciate the shekel. But since there was no government during the past period, a government able to make decisions, depreciation was put off until after the elections and was actually instituted when Shamir headed the government and Peres drew up his new economic plan. The shekel was officially depreciated by 13 percent and commodity prices registered a tremendous hike. These were part of the measures the Israeli Government adopted to deal with its stifling economic crisis. What



happened, however, defied all expectations, for the shekel rose against the dinar when the Israeli Government pulled large sums of it, 20 tax shekels in Nabulus—intentionally or otherwise—by raising tax and license plate fees, etc., and when the workers stopped showing up for work at Israeli factories, due to events in the occupied areas and the fact that the teachers were being paid only 50 percent of their salaries. On the whole, the low shekel supply has led to an increase in demand according to the economic rule that says when supply drops, demand goes up and vice-versa. This, in my opinion is not healthy for the shekel, because the authorities are expected once again to depreciate the shekel at the same rate and perhaps more."

Hisham Jibran expects the value of the dinar to rise in the long run, perhaps in a year or less, when Jordanian economic measures begin yielding their fruits in the form of lower imports and lower government spending.

#### Sharp Rise and Limited Income

There is no doubt that the economic situation in the occupied areas has turned into an open wound suffered by every individual and every family. Revenues are no longer able to cover the deficit caused by spending to meet the basic consumption needs of any Palestinian family, especially since those families are paid and save in the Jordanian dinar. Add to that the whole set of economic measures that were put in force as of the beginning of the current year, 1989, in terms of raising the price of foodstuffs and fuel and the abnormal depreciation of the shekel, causing an average family of four to spend 180 shekels more a month on basic needs and services, bringing the total monthly amount to 2,705 new shekels.

Given the fact that the size of the Palestinian family is above average, how can such a family cope amid wage erosion, the depreciation of the shekel that has all but disappeared from the market, contributing in turn to the fall of the Jordanian dinar which is the basic currency used by the inhabitants of the occupied areas? This is notwithstanding the disengagement between the two banks, and the astronomical rise in the prices of basic foodstuffs like:

- Milk and milk products: 26 percent.
- Eggs: 17 percent.
- Frozen chicken: 20 percent.
- Bread: 15 percent.
- Fuel: 6 percent.

This insane price hike was not limited to these commodities alone. It is estimated that about 200 other commodities, most of which, according to the Haifa newspaper, AL-ITTIHAD, were foodstuffs that rose between 2 and 11 percent. According to Radio Israel, these commodities come under 17 "production categories" put out by monopolies, and their prices are subject to "government

control." This new price hike is the second link, the second blow, in a series of blows contained in the economic plan of the Ministry of Finance.

Other examples of commodities that went up in price, as reported by AL-ITTIHAD in its 11 January 1989 edition, are:

- Domestic cigarettes: 7 percent.
- Imported cigarettes: 10 percent.
- Tea: 5 percent.
- Coffee: 8.5 percent.
- Powdered soup: 6 percent.
- Chocolate and cocoa: 11 percent.
- Dried liver: 11 percent.

Given this abnormal hike, the Israeli Ministry of Finance attributed these new high prices to three factors:

- First, the depreciation of the shekel.
- Second, abolition of subsidy allocations, "Subaidia," for vital needs and commodities.
- Third, the high cost of raw materials used in the manufacture of commodities that have gone up in price.

This is keeping in mind that the Peres Economic Plan is based on cutting spending on most of the country's vital sectors by 1.1 billion shekels, including, for example, 130 million from health, 250 million from social welfare, and 30 million shekels from transportation, etc.

Economists familiar with the situation say that a simple analysis of this condition and of the 13.4 percent depreciation in the value of the shekel lead to the conclusion that the swelling ranks of brokers and the rich class at the expense of the poor who are at the brink of famine are at the heart of this state of affairs. Contrary to expectations—and according to the Israeli newspaper HA'ARETZ—that the new fiscal plan will realize an inflation rate of between 6, 8, or 9 percent, economic experts project that the rate of inflation will rise to 25 percent, unemployment will rise by more than 10 percent and the number of poor will go up by more than 10 percent as well. These experts also project that the cost of living index for the current month, January, will witness a rise of between 5 and 6 percent, the highest jump since July 1985.

In this regard, data put out by the government's Central Statistics Department—to be sure, another indicator of the standard of living of the citizens, who have become like a person pushed to the bottom of the well while others throw rocks at him—show that the number of applications for unemployment benefits submitted last December to the Insurance Corporation totalled 33,500, 7,800 of which were submitted for the first time. This figure means that the number of claims jumped 10 percent over last January.



### The Plan...A Plan of Rip-Off and Thievery

This worsening situation has prompted Knesset member Me'ir Vilner to criticize the new economic plan sharply, calling it a "rip-off" plan, ripping off the workers and the poor. He wondered about the intentions behind the lifting of government subsidies for bread, milk, basic commodities, and other goods. And what is behind such depreciation which leads to higher prices? It is thievery, pure and simple.

Vilner said by way of explanation: "The main problem is not in wages which have allegedly gone up. The key reason is growing government waste due to the occupation and security spending. If this waste is not stopped, a successful solution cannot be attained."

Growing dissatisfaction with the current economic state of affairs is made more manifest by local press articles and investigative reports conveying the suffering of the Palestinian people and underscoring the importance of coming up with quick solutions, particularly to the many painful blows the Jordanian dinar has dealt directly to the services sector, to wit, the employees and workers of local establishments who receive their salaries in Jordanian dinars which eat up their purchasing power. For example, a person receiving 100 dinars a month nets, according to the lower purchasing power of this amount, about 50 dinars only. This means this worker or employee needs a raise of 50 percent of salary or more to bring this monthly income up to 160 dinars, in addition to an approximately 13.5 percent cost-of-living increase.

What we are underscoring here was taken up in a labor union communique which recently appeared in the local press for several consecutive days. This communique in its most important paragraphs pointed out that the rise of the shekel against the Jordanian dinar caused inflation and prices to go up to an average of 40 percent as of the beginning of 1989, noting that the only loser was the Palestinian worker. Therefore, we call upon and appeal to all regular and irregular economic establishments to do the following:

- Raise wages, taking into consideration the depreciated value of the dinar and higher consumer prices.
- Refrain from firing workers and comply with actual consumer goods prices.
- Study the possibility of taking in new workers.

It is noteworthy—not to show favoritism to anyone—that some establishments have risen to the occasion by grasping the gravity of the current phase and accepting the challenge of compensating the workers and employees for wage erosion. The biggest example worthy of mention is the Jerusalem Tobacco Company that tied the wages of its workers and employees to the value of the American dollar, in addition to paying a cost-of-living allowance of 13.5 percent.

### The Citizen...Incessant Complaints

Everyone, from the man in the street to the economists, agrees that the general economic situation in the occupied territories is deteriorating, not that such deterioration is new to the region. Quite the contrary. The Palestinian's unstable and uncertain life, and the future chartered for him, are experienced by all peoples of the world who have not known the taste of "economic revival" or the meaning of prosperity that distinguishes between luxuries and the basics of life and consequently lack the ability to exercise the freedom to choose, for example, to eat meat and chicken together on any given day. The choice is limited, and solutions amount to nothing more than a useless shot in the arm of a dead body.

Citizen 'Abd-al-Hamid Hassunah, father of eight and a banana vendor who peddles his merchandise in the streets of Jerusalem, believes that the only solution to this crisis is up to God, and that God alone can save mankind from disasters. He wonders: "What are we to do? We have to be patient until relief comes from God."

Citizens in the occupied areas share the same attitude. 'Awdah al-Razim, father of 11 who, along with his children, peddles pretzels in the city of Jerusalem as well, shares 'Abd-al-Hamid Hassunah's feeling that there are no solutions in view of the fact that the problem is deep-rooted and not the product of yesterday. Al-Razim, 50, said: "There are no available solutions and we must all work together to get out of this crisis, particularly since man has reached a time when daily bread is no longer available, the daily bread we work so hard to provide to our children but to no avail. Today, and in the wake of such exorbitant prices that are burning every one of us, we think about every piaster coming in and every piaster going out in order to meet the needs of our children." He added: "How can a pretzel vendor with 11 children making one agora per pretzel live under such exorbitant prices?"

Perhaps the astonishing irony is the existence "Umm Khalid" from Bethlehem leads, living on the money—in dollars—which her husband and three children send to her from America. She said: "Even the dollar has lost its value. What can the dollar do amid these caustic prices? A person can no longer meet his and his children's needs. I swear my debts are piling up at the butcher and the greengrocer and I even do not have money to take my daughter to the doctor when she gets sick."

Umm Khalid, who is raising three children, the eldest of whom is 11 years old, added: "There is nothing strange in what I say, given the fact that most of the money coming in goes for rent and electric and water bills. For example, the water bill is at least 60 shekels, which is equal to 18 Jordanian dinars or \$26.00. How can we stay alive in this time and age even if we get Uncle Sam's dollars?"

Umm Ahmad, or 'Aydah Nahmud of Ramallah, a widow supporting six children, the eldest of whom has earned a diploma in accounting, but, for lack of employment opportunities, preferred to work at an Israeli factory, said: "My children and I live on the 80 Jordanian dinars my son Ahmad makes, most of which goes for sandwiches and transportation plus personal expenses a young man the age of Ahmad needs. What is left is barely enough to cover household expenses that include a house rental fee of 50 Jordanian dinars which the landlord keeps threatening to raise, and gas, kerosene and vegetable expenses. A 20-liter tank of gas, which sometimes does not last for one week, costs 15 shekels, hence I am forced to use the electric heater. Even the tank of gas that costs 21 to 23 shekels due to price gouging by peddlers does not last for 2 weeks and we are forced to use the kerosene stove, during the strike in particular," alluding to price gouging and fraud in everything, from fabric to rice to sugar to milk, etc. She also alluded to the abnormal cost of transportation, particularly the strange irony of the Ramallah-Jerusalem taxi owners who, prior to the current events and amid the moderate economic revival, used to claim concern for the people and to shed crocodile tears over their economic situation, fixing the taxi fare at one shekel only. The truth of the matter is that this attitude, as evidenced by the current economic phase, was spurred on by a disagreement among them and not by concern for the people who are now paying one and a half shekels to go from Jerusalem to Ramallah or any point in between these two cities, with no special allowances for children under 3 years of age.

#### **Belt-Tightening Policy Best Solution**

Umm Ahmad commented, saying: "The economic situation has become very difficult and, therefore, every one of us is required to tighten his belt as much as possible."

The businessmen's complaints are no different from that of ordinary citizens, as underscored by clothing store owner 'Abd-Muhammad of Jerusalem who said: "If I was unable 2 years ago to pay the store rent or the property tax which 2 years ago amounted to 9,000 shekels, how about these astronomical prices?" He affirmed, "Nothing has changed. Attacking the livelihood will remain the only way to pressure the people to accept any political solution put forth in the arena."

A businessman in the city of Jerusalem categorically denied hoarding merchandise to exploit the people, as happened in Tulkaram, and dumping them on the market 2 weeks later. He said: "Businessmen are not at all responsible for this. The major responsibility falls on the authorities who hold up merchandise coming in from Italy, thus creating such a shortage, particularly under the existing economic state of affairs."

#### **Family Economic Plan...Current Situation Promising**

Businessman Salih al-Sahuri of Ramallah does not believe that the economic recession can be attributed to the limited number of stores hours stay open. He said:

"On the contrary, in the past the buyer used to decide what time to go shopping, but now time restricts the buyer. That is why sometimes we do not find any free time to sit down and rest." He pointed out that the problem with the people is that they want to know how much things cost in dinars, refusing to pay for an item that costs 40 shekels, for example, before converting the amount into dinars!

He said: "Without any doubt, the people are not to blame for this, in view of the fact that most Palestinian families earn their income in Jordanian dinars and a lower value of the dinar means lower consumption of basic necessities in our society."

Al-Sahuri raised an important point engendered by current conditions, namely that the Palestinian mind is now working with Palestinian hands and in the meantime giving up many luxuries, thus attaining the ability to make choices based on need and to realize economic independence in many West Bank areas. As an example, he cites the village of 'Ayn Sinya, Ramallah Province, which, during the events, set the best example for independence and the ability to face the biggest challenge, whatever it may be.

Al-Sahuri hopes that such independence will expand to include industry with a view to getting rid of any kind of dependency. He said: "For example, why not make use of the citrus fruit surplus, instead of letting it rot, by setting up a juice factory?" He believes that there are many projects that ought to be considered for the purpose of creating an independent national economic base.

Al-Sahuri said: "This can be achieved only by having a sincere intent to work and by providing support at all levels, both within and without."

Today, making a budget for Palestinian family expenses is not considered smart, but rather a necessity, a pressing necessity at that, for failure to employ reason means "declaring bankruptcy at the end of the month," according to Ziyad 'Uthman Muqbil of Kafr Thuluth, Qulayqilah Province, Arab language professor at al-Ibrahimiyyah University in Jerusalem. His monthly salary of 140 dinars, about 500 new shekels, is divided as follows: one-third for housing, one-third for transportation and one-third for food, clothing, electricity and water.

He comments, saying: "There are also the occasional expenses such as illness, child delivery, or social occasions for which allowances must be made. For example, a few days ago my wife delivered a baby at the Dajjani Hospital in Jerusalem. We were not aware that its charges were fixed in hard currency. I had to pay my whole salary and then some for one night which cost 150 dinars. I think that the situation has become very difficult, especially since we ourselves do not appreciate the circumstances of one another."

Ziyad Muqbil concluded by saying: "We are now going through labor pains and after each labor there is delivery. We are going through political, social, and economic labor that may last for a long time but will for sure lead to delivery."

He believes that the Palestinian is capable of going on, no matter what, for he is different from the Americans and Europeans in that these peoples "were born to live, while we were born to force our way through life."

He said: "Although after 1967 we became a consumer society running after videos, cars, and other luxuries, tipping the scales and turning luxuries into necessities, thank God that the current situation in the occupied territories has restored the balance to its true position whereby necessities are back to being necessities. This, in my opinion, is one of the fruits of the current situation."

#### **Dr Jabr: Planning Required**

Hence, notwithstanding this melancholy situation whose consequences are shouldered by poor families, two conflicting opinions, actually reflecting the current political situation but through the economic window and the set of inexorable economic measures, are being raised on Main Street. One says that the fall of the dinar and the shekel and the worsening of the entire economic situation will prevent the outbreak of war in the Middle East due to the high cost of wars. This is another indication for turning the wheels of peace in the area. The other says that the stagnant economic situation, the declining standard of living, and the Israeli Government's refusal to accept changes taking place in the international arena, pushing them into a tight corner, point to the possibility of a war breaking out to create new cards for Israel to play with during and after the war. It is alleged that repeated allegations about Libya possessing chemical weapons is a prelude to this discourse.

Therefore, how much fear is there that the economic situation will be allowed to continue in order to achieve political ends?

Dr Hisham Jabr, lecturer at al-Najah National University in Nablus, said: "This situation is no doubt temporary until the status quo comes to an end, particularly with respect to the West Bank, not the Gaza Strip, where two currencies, the Israeli and the Jordanian, are in circulation. Hence, any measures by either side have an impact on the ordinary citizen. I believe that the West Bank is affected by the Israeli measures imposed on it, on the one hand, and by the difficulty of exporting products abroad, on the other hand, thus impacting on the entire Palestinian economy. This means that the crisis will persist so long as the other side is doing our planning for us and forcing us to abide by it. Therefore, under the current state of affairs, I expect prices and, consequently, unemployment, to go up for lack of investment projects which are facing difficulties in obtaining permits, not to mention the current situation that does

not encourage people with capital to invest, because capital is always timid, and the difficulty of fixing prices that are imposed on us as well."

Dr Jabr admonishes all citizens to change their consumption patterns in accordance with the latest economic developments and to begin setting up small family projects to shore up the home economy and deepen cooperation among all members of society. He also believes that it is important to set up an economic planning apparatus to study all unexpected developments that have an impact on our general economy, to protect it against any tremors that attempt to bring it down, bringing down with it the people in the occupied territories.

#### **Economy Has Nothing To Do With Optimism and Guaranteed Recovery**

Engineer Ibrahim al-Daqqaq put forth a point of view by saying: "I believe that there is no relationship between the political and economic situations. What is actually happening is that economic measures are being implemented to achieve political ends. Some examples are the ban on the sale of vegetables in the Israeli market, going after local production and banning its export, heavy taxes, and other measures aimed at achieving a political objective.

"From another angle, I believe that the economic situation in the occupied territories has become healthier in terms of self-reliance and the Palestinian people's return to the land. It is true that this has not brought about economic relief due to the fact that material capabilities are limited and work conditions are extremely difficult. We are, however, moving away from the Israeli market—moving away, not breaking away, because there is occupation, but the farther we move away the closer the breaking away becomes. The upshot of it all is that the benefit is not only economic, but political as well.

"Of course, our economic problem can only be solved in the presence of a state in the sense of establishing a Palestinian economic market, an independent one with minimum dependency on foreign markets because man cannot live in isolation, and one that can reconcile local capabilities—primary sources—with basic necessities—and I do not mean 'opulence or high living.' At any rate, people in Palestinian society are trying to stay away as much as possible from the Israeli market, relatively convinced that pharmaceutical industries, for example, their reliance on Israeli raw materials notwithstanding, can represent a source for drawing and absorbing Arab labor. The same thing goes for the tobacco and shoe industries.

"I can say that this is known as an ongoing or a growing process. Man's path is controlled by need, and managing this need means affluence and the possession of luxuries to some, and to others it means providing basic things



such as food, clothing, and shelter. This is what the people are trying to provide, and I think this is an important and very positive thing."

Al-Daqqaq also said: "What we are witnessing today is the outcome of a tendency that began in 1967 whereby our society, for political or other reasons, became intent on maintaining a distance between it and the Israeli market. Even though the local market enjoys a traditional vitality, it has been marked by a kind of dynamism. The best example of that is converting agriculture into commodity farming in the depression areas. This is what is known as capitalist farming, in contrast with family economy, which means switching the market to satisfy a goal and not the self by cultivating 30 dunums of tomatoes, for instance, and selling the crop in order to buy another commodity such as cucumbers, for example."

Eng Ibrahim al-Daqqaq went on to say that the economic situation is bad and future expectations, in his opinion, are not tied to optimism or pessimism, for optimism remains a political hope of getting rid of the status quo, controlling the local market, and realizing the awaited dream, and that a genuine recovery can be guaranteed and a sound economy can be built if man has control over his own destiny.

#### **Crisis and Solutions Described**

44040273 Jerusalem AL-BAYADIR AL-SIYASI  
in Arabic 4 Feb 89 pp 61-62

[Article: "Economic Crisis in Occupied Territories and Proposals To Get Out of It"]

[Text] People in the occupied territories have been living through a stifling economic crisis since the beginning of the current year. It seems that this crisis is getting worse with time and there is no way out and no help amid the current events that promise to continue, thus aggravating the economic burden placed on the people by actions the Israeli military authorities have instituted against them. This crisis has culminated in many factors, the most important of which are: great hikes in the prices of foodstuffs; tax raids on people's homes and businesses, thus aggravating the stifling economic situation; stiff fines imposed on people for taking part or for being suspected of taking part in the uprising; the sharp drop in the Jordanian dinar's rate of exchange against the Israeli shekel, given the fact that the dinar is the main saving tool of most people while the shekel is the tool for daily dealings among the people; low daily and monthly incomes due to participation in general strikes, curfews, and military siege; and the failure to raise the wages of workers and employees working for Arab establishments in the occupied territories.

Nonetheless, we read in the local press now and then about this or that establishment adjusting the dinar's rate of exchange to from 4.6 to 4.8 and, in rare cases, to 5.23, for the shekel, or that an establishment gave its

workers a 10 to 30 percent, and in rare cases 50 percent, wage increase. We also read about appeals by certain sides to establishments, companies, and factories in the occupied territories to institute wage adjustments in accordance with prevailing economic conditions in order to enable the workers to live a decent life and continue to take up positions in the homeland.

Conversely, many institutions, companies, and factories have not budged. Indeed, they have started hinting to the workers that they are unable to make any pay adjustments because, if they are forced to do so, they would run a deficit or would have to shut down or have layoffs. Meanwhile, other institutions have raised the salaries of some, but not of others, under weak pretenses. In this regard, we are going to discuss certain matters that are bound, we hope, to awaken the conscience of those who are sitting in their towers feigning patriotism, loyalty, honor, and sacrifice and those people who throw their words left and right without paying attention to how much of what they say is being observed or applied and how close is it to reality. In this discussion, of course, we do not intend to offend or slander anyone. Rather, we direct our words to everyone, to all those who have taken up positions on this blessed land, persevering, keeping a watchful eye, watching and waiting for the hour of decision and salvation so that they may shout at the top of their lungs that there is no life in the society of sacrifice for bloodsuckers, those who toy with people's livelihoods, those who steal food from children and those who grow pot-bellies at the expense of the pains and moans of their people.

#### **Institutions and Their Workers**

Institutions, companies, and factories scattered all over the occupied territories for a long time now have been employing a large number of citizens who are paid in Jordanian dinars. As a result of the enormous depreciation of the dinar against the shekel—a depreciation of about 30 to 35 percent, for a few months ago it used to sell for anywhere from 4.8 up to 5.3 shekels, but now sells for 3.3 and a few days ago dropped to 2.9 shekels in some West Bank areas—the real value of wages of these employees dropped at the same rate, and the economic situation has been further aggravated by the sharp rise in the prices of consumer goods, transportation, and other things.

This notwithstanding, the majority of institutions and company owners or managers have turned a deaf ear to everything that is going on around them as though they and the people and homeland were worlds apart. They have failed to institute any pay adjustments and, indeed, some of them have threatened anyone who asks for a raise with layoffs and dismissal under the pretext that any raise will require a reduction in force to cover the alleged deficit that will occur if wages are adjusted in any way. In some firms, workers who asked for a pay adjustment were told by company officials to be thankful to God to be still receiving their current pay, because if



Officials abroad got wind of their demand they would cut their pay altogether. This was done by a firm that employs thousands of workers and has its own resources with which it can cover all its needs, in the wake of what happened on 31 July 1988 in particular.

Other firms, such as the Jerusalem Electric Power Company, the Jerusalem Tobacco Company, and some corporations and factories, have complied with their workers' demands for a pay adjustment, but at varying rates subject to the discretion of company managers. Whereas we give our blessing to such compliance, we call upon the rest of the firms to respond to changes that have and are still taking place by raising their workers' salaries within reasonable limits and within the national public right that enjoins all of us in this blessed land and amid the events we are creating to live indignity and confidence about the future of our and our children's livelihood.

Conversely, the Higher Academic Institute in the occupied territories remained perched on a most vainglorious seat far removed from its workers' economic and social state of affairs, failing to do anything for them and, indeed, blocking annual raises due them. Its affiliates began threatening some activists who wanted their voices heard and wanted to protest their living conditions. But the institute did not do anything about what has already occurred or what might occur in the future. This academic institute that oversees the rest of the institutions ought to know that should it persist in its present situation, the winds of change will get to it sooner or later.

What is strange is that the managers of this higher institute met a few days ago and decided to give a 20 percent salary increase to the institute's employees only, failing to consider a raise for employees working for its affiliates. This raises a key question about the purpose behind giving a raise to the mother company employees to the exclusion of all others. Is it to get bribes or what? It is a question those officials ought to answer.

We remind the institute's managers that their job is to provide financial support for the affiliates they manage and we expect them to take the position dictated by the existing circumstances.

### **Businessmen and Price Gouging**

As of the beginning of the current year, the Israeli Government has raised food and other consumer goods prices at rates ranging from 5 to 26 percent, prompting many businessmen in the occupied territories to raise the same prices by 20 to 50 percent as well as the prices of other commodities that did not go up. They also hoarded basic foodstuffs such as milk, sugar, rice, and flour, later selling them at any price they pleased, amid the absence of any price controls and the people's need for them.

Indeed, they began picking and choosing their customers, putting them at their mercy and telling them to go someplace else if they did not like the prices because others were charging much more.

We in turn tell these businessmen to fear God, to live and let live and to refrain from exploitation and monopolization, in view of our present circumstances in particular.

We wonder what happens to the warnings we hear and read about directed at price gougers who are stealing bread from the mouths of children and are adding to the people's toil and misery. We whisper in the ears of those making these warnings that "a word without deed is useless and that those who steal food from children's mouths are not deterred by words but rather by deeds. So can you, if you are worthy of what you are doing, help to put a stop to this awful exploitation of people. Let us give you some examples of what is going on. Even though the price of bread is not supposed to go up, many have tampered with the weight of the loaf. Some bakeries in the Jerusalem, Ramallah, and Bayt Haninah areas have reduced the weight of the loaf, which used to sell for 20 agoras, by one-fourth, and others have raised the price by 25 percent, charging one shekel for four instead of five loaves. Some have reduced the weight of a 20-agora loaf so much that it is hard to tell it apart from a 10-agora one. As a result of the quick and outrageous wealth bakery owners have amassed, exploiters are flocking to open bakeries. Bakeries located along the Jerusalem-Ramallah road, from Sha'fat to al-Ram only, now number more than six, up from two. Moreover, these bakeries are selling all kinds of food items, even vegetables in some cases, because they are open all day. Wish they are selling at a reasonable profit. They take advantage of the fact that the merchandise is not available anywhere else to double their prices.

### **Transportation Fees**

The Israeli Government has declared a transportation rate increase of 20 percent for bus fares and 21 percent for taxi fares. But what happened in the occupied territories was much worse. Car owners had no concern for the people's plight. Taxicab owners operating on the Ramallah-Jerusalem line raised their fares by 50 percent. The 1-shekel fare that was raised to 1.5 shekels was supposed to go up only to 1.2 shekels but, in the absence of controls, they did what they did.

More artful than that were private car and taxicab company owners who operated on the Ramallah-Jerusalem line during the general strikes, doubling the fares. The fare from Jerusalem to Ramallah rose to 4 shekels, and, in most cases, to 2.5 shekels [as published], and the fare from al-Ram to Jerusalem went up from 1 to 1.5 shekels. These individuals took advantage of people's

needs, demanding payment of the 1.5 or 3-shekel fare before passengers got into the vehicle. The people complied while flaring up with rage over such unchecked exploitation.

But there is good, much good, in our society. Some bus companies, among them the Ramallah-Jerusalem Bus Company, have not raised their fares out of concern for the people's needs and hard economic conditions. To those we extend our thanks and appreciation, and to the exploiter we say beware for the day will come when remorse will not do you any good.

### Money-Changers and Dinar Price Manipulation

People who are familiar with economic conditions in the occupied territories agree that the drop in the dinar's rate of exchange is unexpected and the result of political trends aimed at overtaxing the people, depleting their savings, and forcing them to halt their actions in the occupied territories. Unfortunately, and notwithstanding the fact that everyone near and far is clearly aware of this objective, some money exchangers have and are still taking part in this exploitation to achieve the goal the other side set a long time ago, using everything up their sleeve to achieve but the only thing left to it is this goal, going after the people's livelihood.

Economists believe that the dinar fell against the American dollar at a rate of between 25 and 30 percent, bringing its value to \$2 at the very least. Money changers, however, brought the price of the dollar down to 175 and, in some cases, 60 piasters. This drop means that the dinar is worth 4 shekels instead of the 5.3-shekel value during its better days a few months ago.

Conversely, the value of the shekel to the dollar dropped by 13 percent, which means that the value of the dinar to the shekel should not have dropped by more than 15 percent, bringing its value to between 4 and 4.2 shekels. However, it has dropped to 3.2 and, in some cases, 2.8 or 2.9 shekels. All this is the result of manipulation spurred by the people's need for the shekel to use in their daily transactions, especially since the amount of shekels available to the people is very small due to the fact that their incomes are very low. The dinar's rate of exchange is now governed by the rule that a greater supply of dinars brings down the rate of exchange and a greater demand for the shekel brings it up without regard to the true value of either one.

We allude here to an abnormal and highly exploitive phenomenon, namely the street money changers who engage in extensive manipulation of the dinar's rate of exchange with total disregard for any circumstances. They take advantage of the people's need in the worst way. One example of that is when a general strike was declared in the occupied territories for 3 consecutive days, these exploiters lowered the dinar's rate of exchange considerably in 1 day, the first day of the

strike. In the early morning hours, dinar money exchangers in Bab al-'Amud sold the dinar for 3.5 shekels and bought it for 3.4 shekels. By 1430, they were buying it for 3 and sometimes 2.90 shekels and selling it for 3.2 shekels. All this was part of a plan these exploiters of people's needs drew for themselves.

These street money changers who have multiplied at a striking rate no doubt, and in the absence of controls, are doing their share to rob the people of their food and savings, thus contributing, wittingly or unwittingly, to schemes designed by the other side to put a stop to events in the occupied territories. We appeal to those who are intent protecting and helping the people to maintain a decent life to put a stop to this abnormal and exploitive phenomenon.

### Proposals for Weathering the Crisis

In conclusion, the economic conditions the people in the occupied territories are suffering enjoins everyone to work seriously and sincerely to weather this economic crisis with minimum losses in an effort to safeguard the lofty objective everyone is seeking to accomplish. To get out of this crisis, we believe that action should proceed within the framework of the following proposals:

- Creation of a price watchdog committee to institute uniform prices for all goods within price limits set by the Israeli government.
- Creation of a committee to monitor the availability of basic foodstuffs on the market and to prevent hoarding and monopolization of same with a view to reselling them at exploitive and monopolistic prices.
- Institutions, companies, and factories scattered all over the occupied territories must take action to adjust their workers' wages, taking into consideration the dinar's lower rate of exchange and higher consumer goods prices, so that employees may live a decent life without making them feel that they are doing them a favor.
- Take action to put a stop to the manipulation of the dinar's rate of exchange by instituting a close if not uniform rate with a view to doing away with the phenomenon of street money changers.
- Take action to prevent taxi owners or taxicab companies from exploiting the people, during general strikes particularly, at the instruction of the drivers' union.

These are some of the proposals which we believe represent a gateway to weathering the crisis. We offer them to the people concerned, with the hope that they may be of some use or may realize or help to realize our aspirations. We are confident that they will be a warning signal to all those who want the people to lead a decent life in the homeland and firm up their attachment to the land which is being threatened from all directions.

## ALGERIA

### Cabinet Determines Priority Projects for 1989

45190044c Algiers EL MOUDJAHID in French  
17 Jan 89 p 2

[Text] The cabinet met yesterday, 16 January 1989, under the chairmanship of Kasdi Merbah, the head of government.

The cabinet examined a series of texts relative to implementation of the law governing the government monopoly on foreign trade and established the terms for granting import and export licenses under that monopoly. Among other things, the plan introduces new instruments for managing and regulating foreign trade in such a way as to improve the efficiency of both import and export activities by national operators and fits in perfectly with the process of introducing autonomy in state-owned and economic enterprises.

The cabinet also studied a series of measures relative to the marketing of fruits and vegetables, particularly as regards infrastructures, operations, the information system, quality and price control, and the regulatory role of government agencies such as ENAFLA [expansion unknown] and the hypermarkets.

In that connection, the cabinet studied the various amendments aimed at improving consumer protection.

In another connection, and pursuant to the provisions of the law relating to the 1989 annual plan—particularly as regards priority productive investments—the cabinet approved the list of projects for implementation.

It is imperative that those projects, which are considered the core of the program for reviving the economy, be started this year.

The list comprises 36 priority projects that will be the subject of government follow-up in directly productive sectors. In other words, they are projects capable of generating additional export earnings and substantial savings in foreign exchange in the short term, gradually replacing imports by accelerating the process of national economic integration, and having an economic and social impact from the standpoint of the government program, especially with respect to employment.

In the sector of chemicals and petrochemicals, the program calls for setting up units for the production of raw materials (notably for the manufacture of detergents), other units for manufacturing truck tires and producing fertilizer, and, last, a modular unit for pharmaceuticals.

In the iron and steel sector, the program calls for reactivating the second Bellara iron and steel complex and setting up a rolling mill for concrete reinforcing steel.

In electrical engineering, a unit for manufacturing high-voltage transformers will be started.

In the area of light industry, the government plans to build four cement plants (in Labiod Sidi Cheikh, Djelfa, El Golea, and Tizi-Ouzou), a yeast plant, and a unit for manufacturing synthetic fibers.

Agricultural projects will be concerned with the construction of four units for producing cattle feed, continuation of the fight against locusts, and land development.

Hydraulic projects will be concerned with development of the zones in Mitidja-Ouest and with water supplies for Tafna and Oran.

Last, public works projects will be concerned with the resumption of work on the Arzew breakwater, reinforcement of the main roads, an expressway around Blida, and the port project (container facilities in Algiers, Oran, and Annaba).

### Annex A: List of Priority Projects for Government Follow-Up

Annex B (List of Projects for Ministerial Follow-up will be published later)

[Acronym expansions unknown]

Sector and name of project

Remarks

#### Chemicals, Petrochemicals

Raw material for detergents (LAB)

For local production of a product currently imported: foreign exchange savings, national integration, new jobs, and use of hydrocarbons

Plastic bottles (PEHD)

Plastics currently imported, use of hydrocarbons, new jobs, and national integration

Truck tires

Strategic product currently imported, economic independence

Fertilizer (TSP), Tebessa

Use of Algerian phosphates, new jobs, (?relatively close to source), possibility of exporting surplus.

Modular pharmaceuticals unit, Sidi Bel-Abbes

Meets urgent need to cover the country's health needs in terms of medicines

# Annex A: List of Priority Projects for Government Follow-Up

Annex B (List of Projects for Ministerial Follow-up will be published later)

[Acronym expansions unknown]

Sector and name of project

Hydrocarbons Compressor station SC-7 and SCB, Hassi-Messaoud

Development of Hamra oil fields

Development of Rhour de Chouf and Hamra structures

Program to eliminate bottlenecks GL-1-Z and GL-2-Z (liquefaction)

Replace 34-inch north section, HEH-Skikda

Repair 40-inch gas pipeline, Hassi R'Mel-Skikda

Reforming unit, Skikda

Iron and steel

Bellara iron and steel complex

Rolling mill for reinforcing steel, Bellara

Electrical engineering

High-voltage transformers

Light Industry, building materials

Cement plants in Labiod Sidi Cheikh, Djelfa, El-Golea, Tizi-Ouzou

Food industry

Western yeast plant

Textiles

Synthetic fibers

Agriculture

Factors of production project

Four cattle feed units

Cricket control, development, and young people's APFA

Hydraulics

Mitidja-Ouest zone

Mina zone

Spik water supply

Tafna, Oran water supply

Public works

Resumption of work on Arzew breakwater

Reinforcement of main roads

Blida expressway

Container port project: Algiers, Oran

Remarks

Improved methods for secondary recovery of hydrocarbons

To increase our petroleum and gas capacity

Same

Same

To improve networks carrying natural gas

To improve flow

To improve existing refining potential

Development of second national iron and steel center in Bellara; industrial policy on the high plateaus

Same (Bellara)

To strengthen electrification network

Better coverage of building materials requirements, domestic natural resource

Self-sufficiency in food

Better domestic supply of textiles

Development of farmland, agricultural production, youth employment

Same

Same

Better water management

Same

Same

Same

Improved infrastructure

In addition to those 36 important projects, the government, acting on the advice of the ministers concerned, adopted a list of 67 other investment projects that will be followed up by the ministries concerned to ensure the best conditions for their execution.

This new move reflects the government's concern to facilitate the work of the economic operators and help them overcome obstacles that might delay the actual start of those projects and prevent their completion on schedule.

Discussing matters relative to international cooperation, particularly in the economic and financial area, the cabinet noted the signing of a protocol of cooperation

between Algeria and Italy. That protocol defines the terms and framework of cooperation credits over a 3-year period. It was also decided to renew the lines of commercial credit, a move reflecting a common desire to develop relations and trade between the two countries.

In that same context, the cabinet examined the contents of the protocol of financial cooperation between France and Algeria that had been finalized by experts from both countries on 8 January 1989. That agreement establishes the amount of the cooperation and commercial loans that are to permit an improvement in Algerian-French economic and trade relations and give a boost to cooperation.



In another connection, the cabinet heard a report on the recent agreement between SONATRACH [National Company for the Transport and Marketing of Hydrocarbons] and the French gas company.

Finally, the minister of energy reported to the cabinet on his mission to Belgium to revive cooperation in connection with gas and strengthening economic and trade relations.

**Price, Quality Control Draft Bills Discussed**  
*45190044b Algiers EL MOUDJAHID in French*  
*12 Jan 89 p 5*

[Article by L.S.]

[Text] Officials from the departments in charge of price and quality control in the 16 governorates in the central part of the country met yesterday under the chairmanship of Minister of Commerce Mourad Medelci.

The agenda for the meeting included two major points: price control and quality control.

It should be recalled that the Ministry of Commerce has drawn up a program for combating illicit practices, noncompliance with respect to prices and quality, tax evasion, speculation, and fraud. At yesterday's meeting, attention was drawn in particular to the problem of price control.

The thing to be remembered, and it was recommended to the control departments yesterday, is the drawing up of two draft bills that will be submitted at the spring session of the National People's Assembly.

The minister recommended to his departments yesterday that they improve the two texts based on their experience in the field. For that purpose, two reports were presented, one on prices and the other on quality.

Without underestimating the problem of quality, where a great deal remains to be done, public opinion is concerned primarily with prices. It is true that speculation has reached an intolerable threshold in the case of many products, that racketeering is directed against the citizen's purse and the coffers of the state, which is suffering a loss of revenue.

Two major causes are mentioned: the gap between supply and demand and the perfunctory methods of control that have been used until now. The Ministry of Commerce is therefore recommending two major solutions: work to increase supply and reorganization of the control function to make it more effective, thus cleaning up the market, protecting the citizen's purchasing power, and collecting what is due the state.

As far as the second of those solutions is concerned, the objective is to take charge of the problem from the point where prices are formed to the point where they are enforced at the consumer level, thus establishing a kind of transparency which will lead to honesty and compliance in transactions.

In his speech, the director of prices pointed out, for example, that industrial activities are very rarely monitored and that when they are, the procedure is usually limited to verifying the existence of price approvals. But, he continued, experience shows that that is where the violations noted in retail stores often begin.

In another area, the prices charged by retailers for butter, legumes, and tomato concentrate defy all comprehension. And inspection as currently practiced has no deterrent effect. On this subject, the Ministry of Commerce pointed out that the threshold for composition fines (1,000 dinars) is not reached by the great majority of the governorates, which levy insignificant fines for serious and repeated offenses [for] which administrative closing, a genuinely deterrent penalty, is firmly used [sentence as published]. The ministry also drew attention to the slowness with which files for legal action are drawn up—thus increasing the amount of processing needed and delaying a decision regarding the penalty—and to the failure to follow up on cases submitted to the legal authorities.

The program that was decided on covers four main areas:

1. Modification of the legal and regulatory provisions.
2. Revision of control methods to assign priority to preventive control.
3. Improvements to repressive control, which must be made a deterrent.
4. A strengthening of human and material means.

**Oran Port Statistics for 1988**  
*45190044a Algiers EL MOUDJAHID in French*  
*11 Jan 89 p 7*

[Text] Port activity in Oran during 1988 was up by 14.58 percent in terms of the total volume of loaded and unloaded commodities, while passenger traffic was up by 4.49 percent.

According to the port enterprise's department of statistics, the port recorded total traffic of 3,108,821 metric tons, with 1,016 ships docking at the port's wharves. With respect to passenger traffic, 177,872 persons, including 9,813 foreigners, passed through the port. It should be pointed out that for 1987, total traffic amounted to 2,738,892 metric tons of cargo and 170,224 passengers.

Examination of the statistics on activities in 1988 reveals that the port recorded a sizable volume, estimated at 839,954 metric tons in the first quarter, and that of that total, 323,657 metric tons were handled in April alone. Activity in the other three quarters was as follows: 815,176 metric tons (second quarter); 678,055 metric tons (third quarter); and 714,638 metric tons (fourth quarter).

### New Djendjen Port Opens for Shipping

#### Importance Stressed

45190043 Algiers EL MOUDJAHID in French  
2 Jan 89 p 2

[Article by Mohamed-Tahar Messaoudi: "The Instruments of Integrated Development"]

[Text] The forward thrust which the Jijel region should experience thanks to the execution of a number of projects, the most important being the Bellara metallurgical complex, is a function of the extent of the available transportation facilities. In this connection, Jijel has been seriously handicapped. Therefore, with a view to the integrated development of the governorate, affecting the majority of the sectors of activity, work sites have been established for the building of roads, in particular the Jijel-Constantine segment, a railroad line (Jijel-Ramdane Djamel), a new runway at the Taher (Lachouatte) airport to accommodate heavy aircraft, and a large metallurgical port, since the old port could not meet the new needs.

The importance of the Djendjen metallurgical port, which will have a handling capacity of 4.4 million tons per year, is an indication of the future development of the Governorate of Jijel. On the regional level, this will benefit the interior of the country.

Jijel will have a master card, a trump, which will without any doubt bring in productive investment, both public and private.

With this in view, the governorate, working with the ENERIM [expansion unknown], organized a forum on the development of enterprises a few months ago, informing the potential investors who attended of the multiple advantages the region can offer in the medium time range with the completion of all of the projects currently under way.

While the execution of the Djendjen project was entrusted to foreign enterprises exclusively, the formidable supervisory work carried out by young Algerian cadres should not be overlooked. For them, the project was a veritable practical training school from which they have drawn rich lessons. The effort put forth to bring the project into being, the level of their conscientious work on the project, their sense of sacrifice, and their unselfishness merit emphasis here.

With the second port in the process of being completed, Jijel will have a major maritime transportation facility and a launching pad for all-out development.

#### Port Opens

45190043 Algiers EL MOUDJAHID in French  
2 Jan 89 pp 2-3

[Article by Mohamed-Tahar Messaoudi: "1989, Djendjen Open to Ships"]

[Text] In a few days, the first heavy-tonnage vessel will be arriving at the port of Djendjen. The people of Jijel like to joke about this project. It is true that the monotony of daily life has made their sense of humor somewhat more acute, and we were happy to hear them recount certain "goofs," such as the intersection which was rebuilt three or four times, the new sidewalks destroyed by a jack hammer, and the beach from which the sand was removed with the permission of the governorate.

The fact is that the citizen of Jijel, apart from his esthetic bent, is very sensitive to the effect on his immediate environment of the numerous socioeconomic projects, among them the port of Djendjen, which have changed that environment substantially.

For example, 10 km east of Jijel, the ancient citadel of Keireddine "Barbarossa" and his navigators is the site of a major maritime project named after a wadi [stream] which opens out nearby. Jijel is to enjoy a rare privilege for a town, that of having two ports. Jijel is promised a bright future, and for more than a decade has been seeing a veritable economic boom, although it has slowed down these past 2 years because of the effects of the economic crisis.

#### Major African Port

The port of Djendjen is among the projects designed to ensure the integral development of the governorate. The building of the Bellara metallurgical complex near El Milia led to the initiation of work on the port of Djendjen, the thermoelectric power plant, the Jijel-Ramdane Djamel railroad, and many kilometers of roads, the extension of the runway at the Lachouatte Airport, and the expansion of the Beni-Haroun Dam.

Thus the port of Djendjen, one of the most important in Africa, will basically handle metallurgical materials, with a capacity of 3.2 million tons a day. A portion of the port is reserved for commercial activity, with a capacity of 1.2 million tons per day.

After the work began in November 1984, the port took shape with the partial completion of the northwest dike (2.4 km by 3) and the east dike (635 meters by 1 km). The interior section of the port for harbor craft has been fully completed.

The Soviet ship which may arrive at any time with its cargo of equipment for the thermoelectric power plant will dock at a portion of the metallurgical wharf which is 50-percent completed, where the 48th and last bin has been installed.

A short sea voyage on the tug Vasco De Gama will give us a view of the giant effort undertaken by the group of Italian enterprises and a Dutch dredging firm.

The geographic aspect of the Djendjen site has changed considerably. A total of 104 hectares of land has been recovered from the sea. To achieve this, it was necessary to move nearly 3.5 million cubic meters of sand, and 1.5 million still remain to be shifted. This is somewhat reminiscent of the determined struggle pursued by the citizens of the Netherlands for about 2 centuries to recover land from the sea, leading some years ago, thanks to technology, to the Polder system.

The choice of Amsterdam Ballast Dredging (a Dutch firm specializing in dredging) was no accident. It was dictated by the desire of the prime contractor to have associated with the Djendjen project an experienced firm with the necessary qualifications.

But the sea does not allow itself to be conquered so easily. A high price has already been paid for the port of Djendjen, with the brutal drowning of four workers (three Algerians and an Italian) during the winter of 1986-87. The raging sea, with waves of 12 to 13 meters in height, destroyed nearly 400 meters of dikes. Many months work was reduced to nothing. The following winter the maritime furies returned, this time destroying 120 meters of dikes. The morale of the workers was at its nadir. A bitter struggle was being waged against nature. During our visit to Jijel, we learned that a heavy swell was expected the following day—a serious threat to the east dike, which is still unprotected.

According to the superintendent of infrastructures and equipment for the governorate, the Djendjen port site is open to the high seas and is constantly vulnerable to the force of the waves which gather strength over several miles before striking forceful blows.

The vagaries of the weather led to a revision of the construction schedule, which was extended from 48 to 62 months, and a reassessment of the initial cost of the project, which was established at 2.63 billion dinars. This sum alone indicates the importance of the project, for the execution of which colossal resources had to be mobilized.

The enterprises functioning at the site are making an effort to meet the deadline, working around the clock on three shifts of 8 hours each.

Once the project has been completed, the total quantities of materials required will have been tremendous: 800,000 cubic meters of concrete (1,000 cubic meters per day); 10 million tons of rock fill; 30,000 tons of cement (imported); and 21,000 tons of steel. In the final analysis, this will be the first complete port project carried out in Algeria, with the installation of cranes, water and electricity networks, and a telephone system, as well as the building of sheds, a harbor master's office, a road, a railroad, and a maintenance base (completed). This is a sort of turnkey project, financed in part by Saudi funds, the Arab Economic and Social Development Fund (FADES), and the Islamic Development Bank (IDB).

### Intensive Work

To give the reader an idea of the intensity of the activity at the work site, a 50-ton truck arrives every 2 or 3 minutes loaded with rocks of various sizes obtained from the Chekfa Quarry some 3 or 4 km away. The discovery of this quarry for limestone of excellent quality and its proximity to the Djendjen Wadi region were among the factors which dictated the choice of this site. We were to learn, in fact, that in order to build a port, a quarry is necessary to obtain the fill rock necessary for the building of the dikes, and this quarry must also be close to the work site because of the transportation problem. A single 50-ton truck takes up almost the total width of a national road.

It was suggested that we visit the Chekfa Quarry. What we saw, in fact, made our trip well worthwhile. To reach the quarry, we followed a specially built road. The side of an imposing mountain, where the deposit of limestone is located, has been sculpted into terraces by dynamite blasts to supply the 10 million tons of fill rock. This is a truly difficult and laborious task which is being carried out around the clock. There is a never-ending parade of heavy transport vehicles and workers operating various machines to be seen there.

Once the port of Djendjen has been completed, the quarry will provide materials for other projects located in the area of Chekfa.

### A Practical Training School

After our return to the port, we could look down on the whole of the work site from the place we were standing, alongside the crushing complex which turns out 153 cubic meters of material every hour, and the facility which produces the 48-ton concrete blocks needed to protect the dikes. The fine weather enabled Abdelkader Yacef to take some excellent pictures.



Our companions, Mr Saoudi, the head of the project; Mr Mohamed Allam, the diver; and Mr Chaouli, the DIE [expansion unknown]; were to help us greatly in understanding the various phases of the work, in many cases complex, such as the manufacturing of the caissons by means of an ingenious apparatus. A caisson is a kind of hollow column of concrete and steel which is eventually filled with rubble and other materials. Its length is a function of the depth of the location where it will be placed. A series of caissons, on which concrete slabs will be placed, will form a wharf.

The reliability of a port and its resistance to the attacks of the waves depend on the solidity of its submerged structure, which is the largest part in terms of area and volume. It is checked systematically as the work advances by an Algerian diver, Mr Mohamed Allam. "He is our eyes beneath the sea," the DIE and head of the project said of him. The results of his work, as well as his human qualities, are obviously valued. In fact, while the construction work has been entrusted to foreign enterprises, inspection and supervision are provided by the Jijel Governorate Infrastructures and Equipment Division, working through its engineers and expert technicians, all of whom are Algerian.

No operation is carried out without their approval. When they were hired, these young cadres with "brand-new" diplomas had neither previous training nor experience. The Djendjen project will have served as "a formidable school" for them. They will have had the opportunity to learn about the latest technology imported by the Italian and Dutch enterprises, and also to make contact with the practical reality in the field, which is helping them to become experts today. To keep up with the development of the work site, the Algerian cadres and other workers are working 24 hours a day in three 8-hour shifts.

#### **Will and Determination**

However, these cadres will enjoy no advantage on the material level other than having the honor of working on the project. The wages they receive are the same as the pay of an engineer or a TS [expansion unknown] sitting at a desk. "It is so unjust that a person who labors at a site day and night should be paid the same as another who does practically no work," an official told us.

In the past, a number of government officials who have visited the work site have been made aware of the problem, but despite the promises, there has not been one iota of improvement in the situation, except for the level of awareness of these cadres.

There still remains the hope that the government and the ministries involved will find a just solution this year to match the effort made by these young cadres at the Djendjen work site and their incomparable determination, which will allow Algeria the full use, in the near future, of a major port complex of great reliability.

So, in just a few months the port of Djendjen will be fully commissioned. It will have a northwest dike 3,000 linear meters long, an east dike 1,000 meters in length, a metallurgical wharf 1,081 meters long, a general cargo wharf 762 meters long, a wharf for mixed cargo 256 meters long, and an RO-RO [roll-on roll-off] wharf 76 meters long.

A plan for a dry dock for the maintenance of the ships of the OPAEP is awaiting approval by the members of this organization. It would be built alongside the Djendjen Port.

#### **The Bellara Metallurgical Complex**

As we emphasized above, it was the building of the metallurgical complex at the Bellara site near El Milia which was the factor that led to the building of the port of Djendjen, the thermoelectric power plant, and the Beni-Haroun Dam, as well as other projects. This complex was not even included in the plan; it will be, in all probability, at the beginning of this year. The only work undertaken to date has been the earthwork and preparation of the site, now practically completed. The world economic crisis, which has substantially reduced the country's foreign exchange income, has delayed the launching of this project, which will require a very substantial budget. This will inevitably entail a slowdown in the activity at the port of Djendjen and the other projects, except for the thermoelectric power plant, which will be linked with the national electric network.

The Bellara metallurgical complex, with all of the other supplementary or support projects, will have a very beneficial economic impact on the Jijel region. These projects, which come within the framework of the integrated development of the governorate, will lead to the creation of nearly 20,000-30,000 direct and indirect jobs in the construction and subcontracting sectors.

Pending the inclusion of the project in the next plan, an international call for bids was issued with a view to the signing of a contract with a foreign construction enterprise. The site for the project initially planned for Lachouatte (Taher) was changed in 1982, following the visit paid by the chief of state, with a view to preserving the farmland. After consultation with Atkins, a British planning firm, the definitive choice was the Bellara site, not far from Kebir Wadi. A dam will be built by a Chinese enterprise to protect the wadi from flooding. It will have the capacity to retain 588 million cubic meters of water. The thermoelectric power plant under construction will supply the complex with energy. The Jijel-Ramdane Djamel railroad will bring the ore from Djebel Onk. The port of Djendjen, for its part, will make it possible to ship out the steel billets produced (a million tons per year, initially) and to bring in the raw materials.



Furthermore, plans call for the participation of domestic enterprises such as Geni-Sider, Cosider, Real-Sider, Travaux Sider, ENCC [expansion unknown], etc., in the metallurgical complex project.

## EGYPT

### People's Assembly Speaker Reveals Legislative Views

45040248a Cairo AL-AHRAM AL-IQTISADI in Arabic  
27 Feb 89 pp 44-45

[Interview with Dr Rif'at al-Mahjub, People's Assembly Speaker, by Sharif al-'Abd; date, place not given]

[Text] When the People's Assembly finished debating the government statement, Parliamentary Affairs interviewed Dr Rif'at al-Mahjub to hear his opinion on the bills being currently drafted by the government to be presented to the assembly.

Dr al-Mahjub spoke with utter frankness, saying at the outset: I wish to stress that I, as assembly speaker, cannot withhold any bill submitted by the government or prevent such a bill from taking its course under the dome where it is debated by the members who express their opinions and introduce unanimously-approved amendments before the final law is passed.

But at the same time, I am eager to exchange views with the government on the articles of a submitted bill. This is within the speaker's jurisdiction. The final opinion is always embodied in what is agreed upon by the majority of votes in the hall.

Regarding the landlord-tenant relationship, Dr al-Mahjub has said: I support the opinion calling for modifying this relationship, whether in housing or in cultivable land. I am opposed to maintaining this relationship within the framework of rigid provisions and I am opposed to not modifying it in manner that is compatible with the changes being undergone by our society and that does not undermine the principle of social justice and the requirements of economic and social growth. If, for example, we say that it is difficult to preserve Egypt's real estate wealth under the current law, that encouraging investors to invest in building and reconstruction requires reconsidering many of the law articles applied currently or that increasing productivity per feddan also requires amending the articles which govern the landlord-tenant relationship, we cannot at the same time accept that the crux of the amendment must focus on demolishing Misr al-Qadimah's houses which are 100 years old. How can we demolish the houses in the capital's center, how can we imagine that the cooperatives will be able to immediately provide alternative housing for those whose homes are demolished or imagine that the Ministry of Social Affairs will subsidize those who are incapable of keeping up with the additional burdens generated by increased rent?

I fully appreciate the efforts of Engineer Hasaballah al-Kafrawi, the minister of housing, and I acknowledge that he is one of the most energetic ministers. I even agree with him that it is necessary to amend the landlord-tenant relationship in housing. This relationship has been frozen in place for long years and the current situation does actually dictate amendment. But I certainly have my reservations on some of the opinions expressed in this regard.

In any case, the gist of my opinion is that this relationship must be amended. But ultimately, we must always take into consideration the fact that the tenant is the weak party that must be supported. The landlord might be destitute and powerless in some cases. But this is not the rule. The rule in such amendments is that we must not saddle the tenant with a burden exceeding his capacity. Else, we will get inverse results. It is, for example, necessary to raise the rent within the framework of developing the relationship. But this must be done with acceptable graduality. It is unreasonable to keep the rents unchanged all these long years and then raise them in leaps that exceed the tenant's capability. We must take into consideration the fact that movement serves the landlord's interest in all cases and that the principle of moving rents serves the landlord. The same applies to cultivable land. Tangible increases have occurred and they have certainly served the landlord's interest. Rent has doubled. We say here that the provisions governing this relationship must be altered. But this does not mean that we should evict a professional farmer from the land he farms on lease under any circumstances.

Ultimately, I am not partial to a specific principle in such legislation. I am always partial to the poor classes and to the weak party. I even say that the presence of true justice felt by the people with limited income is in the interest of the rich and the capable.

[AL-AHRAM AL-IQTISADI] What about the inheritance bill which the government has not yet submitted? Can it actually boost the investment activity and the renewed flow of savings into Egypt?

[Al-Mahjub] The main objection to the inheritance tax in its present form is that it impedes the release of the inheritance. Before we talk of the excessive fees or of the percentage of monies and movables taken out of the inheritance, we say that the main thing is the period that passes before heirs are entitled to dispose of what they have inherited.

The most important point in the new bill is that it will totally eliminate the period in which the inheritance is frozen and will spare heirs the hardship of being able to do nothing and to have to wait for their frozen inheritance for years and years when they are in the direst need for it.

During a conversation we had on the inheritance tax, Dr al-Razzaz, the minister of finance, told me: The bill we will submit will enable heirs to manage the inheritance which will be released within a maximum of 3 months after all the required papers are submitted. I told the minister that what is no less important is to facilitate the acquisition of these papers. What use is it to set a maximum limit of 3 months for releasing the inheritance when a very long time may be needed to acquire a single document? Ultimately, we will have continued freezing the inheritance. Some heirs have been waiting for their inheritance since the mid-1960's. This freezing of inheritance is what fundamentally affected the investment volume and caused funds to flee the country. Consequently, the bill should seek not only to lighten the financial burden but also to speed up the release of inheritance.

[AL-AHRAM AL-IQTISADI] You have always taken a firm position on private universities and free education. It is obvious that since being developed, the educational policies have taken a different course.

[Al-Mahjub] I have said that free education should not be touched under any circumstances. I believe that the current educational policy reaffirms this policy. If I say that free education should be provided to the incapable, then this means that a poor student will require a certificate of poverty. This is rejected because it is humiliating. Such certification should never be the way for a student to enjoy the benefit of free education.

Regarding private universities, this experiment has been applied in Turkey. I have met with the president of Turkey's private university and he assured me that enrollment in his university is on the basis of grade total. If there is insistence on establishing such a university, then we assume that it will simply be a university for the academically failing and financially capable. Our objection is that the establishment of such a university may undermine the principle of equal opportunity.

As for free education, I say: What can we offer the youth if we do not offer them free education and medical care? This free education is what accomplished the October victory.

[AL-AHRAM AL-IQTISADI] Can it be said that the task of the People's Assembly speaker has now become more difficult than ever before?

[Al-Mahjub] The task is certainly much more difficult. The issues raised for debate are numerous and diverse and it is not easy to determine their priority. Moreover, every deputy who wishes to speak believes that he is more entitled than the others to do so.

On the basis of bolstering democracy, I am always eager to see that the opposition takes its due. When I give the floor to an opposition deputy, a National Party deputy with an opposing view may think that he is more entitled to speak because he represents the majority.

#### **Tax Evasions Estimated at 2 Billion Pounds** *45000125 Cairo AL-SHA'B in Arabic 28 Feb 89 p 4*

[Text] The tax authority has submitted a number of charges to the prosecutor in 478 cases of tax evasion, a revenue value of approximately 2 billion pounds.

It has submitted other charges in 412 cases of customs evasion, concerning a revenue of approximately 1 billion pounds.

Classification technicians were able to confiscate 113,000 videotapes and 100,000 audio cassette tapes whose owners had avoided paying the consumer tax, for revenues totaling more than 6 million pounds.

#### **AL-I'TISAM Magazine Publication History** **Recounted**

*45040248b Cairo AL-MUKHTAR AL-ISLAMI*  
*in Arabic February 1989 pp 32, 35*

[Article: "Fifty Years of AL-I'TISAM Magazine"]

[Text] Fifty years ago, Egypt was undergoing a difficult phase of its history. The British occupation was sucking the people's blood, pursuing strugglers and trying ceaselessly to tie Egypt to its wheel in all aspects of life. Islam was the live munition in the hearts of the faithful, the stronghold and the refuge against fusion, collapse and capitulation.

Though the Shari'a Association contributed from the moment of its inception to the struggle against colonialism, either by participating in the 1919 revolution or by raising those men who later formed fedayeen societies to fight colonialism with arms, AL-I'TISAM was established by its initial founder—Shaykh Ahmad 'Isa 'Ashur, may God give him a long life—as some sort of cultural or journalistic defense and to make the struggle circle complete with word and deed.

We can understand AL-I'TISAM's effective and significant contribution at that early time when we comprehend the dangers posed by colonialism and its lackeys, including the lackey parties, the king and the secular institutions planted by colonialism on our Egyptian soil, in an attempt to deprive the nation of its identity and its cultural, legislative and social distinction so as to make it easier for the colonialists to keep us subservient to them. At that time, AL-I'TISAM underlined and preached a number of important principles for fighting colonialism. It called for complete evacuation and stressed that there could be no negotiation until evacuation was completed and that the line of armed struggle against colonialism was the right line. The magazine also strongly defended

the issue of liberties vis-a-vis the king and played a major role in defeating the propaganda campaigns aimed at striking the Islamic concepts of morals, opinion and behavior.

AL-I'TISAM warned at an early time of the dangers of Zionism to Palestine, embraced the Palestinian cause most magnificently and made it clear that the way to regain Palestine and to destroy the Zionists was to unite the Muslims and to declare the holy jihad.

In the wake of the 1952 coup when the country entered a black era of its history, when darkness and oppression prevailed, when jails were opened for whoever declared adherence to an opinion or to the Islamic faith, when preachers were strung from gallows and when people were afraid to go to pray openly—at that fearful time which terrified the brave and forced them to speak in whispers, if they spoke at all, and in that stifling climate, AL-I'TISAM rose alone in the arena to defend the detained. In 1955, it defended the Muslim Brotherhood at a time when defenders were few and rescuers rare. It opened its pages for every brave opinion defending what is right and fearing nobody's censure for loving God. AL-I'TISAM stood alone in the arena, raising its voice against any deviation and debating all our country's affairs despite all the dangers and perils surrounding it from every side.

If some people strayed and held their peace for fear of the henchmen, if some sold their religion to get closer to their world or the world of others, if some waited for the tyrant to die and then raise their voices and expose their rotten faces, AL-I'TISAM took at that very particular time numerous positions without which all Muslims would have sinned, considering that it is an Islamic duty to encourage virtue and to prevent vice.

When the 1960 constitution was promulgated, AL-I'TISAM exposed that constitution which sought to color the country with a red hue and to sever Egypt's relation with Islam and the Islamic world. AL-I'TISAM also objected to rendering the country's doors wide open to the Russians and to communist propaganda. It criticized the president of the republic despite the military jail's dogs and the executioners of Hamzah al-Basyuni who had ridiculed the ulema.

AL-I'TISAM strongly confronted the faulty concepts disseminated by some people about unity on the occasion of unity with Syria and declared that the right path to unity is the Islamic path. Shaykh Mahmud Fayid, one of AL-I'TISAM's strugglers, wrote in response to a heresy published by one of the government's writers who had compared Muhammad's unity with Nasir's unity: "If the president spent the equivalent of Mount Uhud in gold, he would not be able to touch one of the prophet's companions, not to mention the venerable prophet." Despite the threats and the inducements, AL-I'TISAM proudly refused to bargain or to write against the Muslim Brotherhood. It constantly defended the Muslims' honor

and al-Azhar's dignity. When the enemies of Islam plotted against al-Azhar, using al-Azhar's weak-willed leaderships and shaykhs, AL-I'TISAM wrote: In the name of God, Allah is great, let al-Azhar shaykh resign.

In the wake of the 1967 treason and defeat, AL-I'TISAM rose as usual to dot the i's, cross the t's and define the real causes of the defeat and the right way to victory. It did not waver and did not deceive, unlike the yellow press which sought to deceive the people as to the causes of the defeat. Struggler Shaykh Mahmud Fayid was one of the knights of AL-I'TISAM in that phase. The man was subjected to extreme ordeals because of his articles. But he stood fast and God has honored him for it.

Under the leadership of Hasan 'Ashur and Dr Muhammad 'Ashur, AL-I'TISAM completed its triumphant march in the 1970's by denouncing the faulty economic and social policies and by ardently rejecting the endeavors for peace with the Zionist entity. It warned most strongly of the dangers of normalization with the Zionist entity. It also exposed the lackey leftist and rightist trumpets and (defended the right wings of Islam most bravely). Not only this, AL-I'TISAM proceeded to defend the causes of powerless Muslims in the Philippines, Eritrea, Thailand and Bulgaria and it kept up day after day with the news of the Islamic Afghan jihad against Russian colonialism.

A greeting to whoever has contributed to AL-I'TISAM's triumphant march. A greeting to AL-I'TISAM while it makes its way toward its sixth decade. A greeting to every one of its extraordinary and honorable reporters. May God reward AL-I'TISAM workers and those who defend the Islamic nation most generously.

AL-MUKHTAR AL-ISLAMI, AL-I'TISAM's Reverent Daughter

## ISRAEL

### **Military Coordinator Sees Increasing Hostility, Nationalism**

44230052 Tel Aviv BAMAHA NE in Hebrew  
11 Jan 89 p 10

[Article by Amit Gurevitch: "A Hostile Atmosphere": "Brigadier General Shaiqe Erez Says 'Blowing up a house is a deterrent.' 'Not every casualty can be treated in Israel.'"]

[Text] "We are faced today with a situation marked by a more hostile public attitude on the part of the participants in the uprising, due to their growing force and their aspiration to establish a state," says Brigadier General Shaiqe Erez, chief of the Civil Administration in Judea and Samaria. "The PLO's recent political moves," says Erez, "are viewed by them as another success, and this constitutes additional fuel on the fire of the uprising."



[BAMAHANE] Then those who spoke of the ebbing of the uprising were wrong?

[Erez] Whoever said that spoke only of a decrease in violence, which is the external characteristic of the uprising. Underneath that there still exists, with the greatest enthusiasm, their aspiration to establish an independent state now as well as additional topics which fall under the heading of the uprising.

[BAMAHANE] You have again placed restrictions on the amount of money entering the territories. It would appear that this actually stimulates the uprising. Penniless youths are constrained to work for pay for the leaders of the uprising.

[Erez] This is true only in theory, but does not apply for someone who is acquainted with the situation. During the first months of the uprising, the number of residents of Judaea and Samaria working in Israel declined by 20,000. In the last few months, it increased by 10,000. There is a total of 50,000 laborers. The conclusion is that they returned to work in Israel because they nevertheless needed our money. We are not acquainted with any persons who work in Israel for money in order to escalate the uprising. At the same time, I believe that we are succeeding in reducing the entry of PLO monies.

[BAMAHANE] You hinted at punitive measures. Is sealing or demolition of houses still a deterrent?

[Erez] I am aware of the view that holds that when your house is destroyed, the entire family is affected and joins the circle of violence. I think that blowing up a house following an act of terror deters others from doing that, and it is effective; since it is a severe punishment, we reserve it for the most serious cases.

[BAMAHANE] You have spoken more than once about the empty treasury of the Civil Administration. Are all the services that you are supposed to provide still being given?

[Erez] The economic situation is still difficult, but the treasury is not empty. It is reduced. We are today providing most of the services, but development is the main area that has been hit. When one refers to a large region such as Judaea and Samaria, an impairment of development is tantamount to regression. We laid off 500 employees, we conducted special tax campaigns, at the end of which we achieved 85 percent collection instead of 60 percent, the level to which we dropped at the beginning of the uprising. Should another cutback be necessary, it will be difficult. The cutback in the defense budget, if it affects us, could make it difficult for us to receive aid if we get into an even more serious situation. In any event, the residents of Judaea and Samaria will not suffer. It will perhaps force us to become more efficient as a military system.

[BAMAHANE] Yet you have raised the rank of the governor to colonel.

[Erez] That was a proper move which was intended to give power and status to officers of the Civil Administration.

[BAMAHANE] Physicians in Israel recently criticized the level of medicine in Judaea and Samaria, and said that casualties of the uprising should be treated in hospitals in Israel.

[Erez] This wording was political and not factual. They are not acquainted with the reality. While the cost of hospitalization in Israel in April 88 was 207 shequels, today it is 330. In today's budgetary crisis, we cannot afford for each one to be treated in Israel. In every city there is a hospital, and in Ramallah there is one which, in certain respects, is one of the most advanced in Israel. Today, only someone truly in mortal danger is transferred to Israel. I have investigated the subject: no one has died because of deficient treatment. Whoever says that is wrong. The level of treatment in Judaea and Samaria is identical to that in Egypt or Jordan and even better.

It pains me to hear that despite all our efforts, criticism is still heard which is fundamentally off the mark. Whether or not military government is something good is debatable; but, as it is already in existence and operating, I can assure you that within its framework we are doing the maximum possible for the benefit of the inhabitants.

## SUDAN

### 'Information' Indicates Israel Aiding Rebel Operations

45000124 Cairo AL-SHA'B in Arabic 28 Feb 89 p 4

[Report by Mahmud Bakri]

[Text] Important information has indicated that rebel forces in southern Sudan are now working to take advantage of the crisis that has reigned over political life in Sudan after the demands presented to al-Sadiq al-Mahdi by a number of Sudanese Army officers to improve the country's circumstances, and that Israel is pushing these forces in the direction of creating a condition of domestic conflict.

The information said that 96 Israeli experts are overseeing the readying of the rebel forces led by Colonel John Garang in preparation for large-scale military offensives against the Sudanese Army using advanced weapons. The rebel forces obtained the weapons from certain European countries through Israeli assistance that resulted in the conclusion of three deals with these countries.

For its part, Egypt began intensive moves to contain the effects of the developments which Sudan has recently witnessed and to counter the dangers to which it has been subjected by Israeli intervention. In this regard, it has contacted the United States and certain European countries through diplomatic channels.

### **Economists Compare Arab Economic Groups Vis-A-Vis Sudan**

45040247b Khartoum AL-AYYAM in Arabic  
27 Feb 89 p 5

[Article: "Experts Disagree on Whether Eastern or Maghreb Bloc Is Better for Sudan"]

[Text] On this important economic issue, the Economic Review [page] has interviewed a number of politicians and economic executives.

#### **Responsibility of Accession**

Dr Muhammad Yusuf Abu-Harirah, an ex-minister of trade, has said that any economic act is supposed to be free of any political hue and must be founded on joint interests in which there is agreement on the means and on the right climate needed to realize these interests in order to accomplish the joint objectives. He also said that the two economic blocs that have emerged in the Arab world are not free of the political objective and that they have evident political dimensions through which economic programs are implemented. Any decision by the Sudanese Government to join one bloc rather than the other without a thorough study that determines the benefits and objectives of each bloc is a grave error.

He added: Sudan and the other Arab countries have common interests. Sudan possesses livestock resources which the other countries need, not to mention our agricultural crops, the high-quality Sudanese cotton and the Sudanese yarn and textile plants. These are economic mainstays that qualify Sudan to join any bloc. The Arab countries need these products.

Abu-Harirah said that for any bloc to succeed, it needs prerequisites embodied in easy movement between the bloc countries in order to facilitate trade and commodity exchange, in customs and tax exemptions and in the need the bloc countries have for each other's agricultural or industrial products. This means that a commodity shortage which may occur in one of the bloc's countries can be covered by the production surplus of another bloc country. Thus, all the bloc countries overcome the "scarcity" of goods—a scarcity which helps the proliferation and codification of the black market which, in turn, represents the beginning of a country's economic end. Moreover, the availability of technical expertise and skills in the bloc countries enables them to implement any development project without enlisting the assistance of foreign expertise. This, in addition to the economic mainstays possessed by any of the bloc countries, makes it possible for the bloc to have a clear-cut

economic strategy and stable political conditions. The government must study these mainstays carefully and determine which of the two blocs possesses them and then declare its plan to join this or that bloc. The Constituent Assembly must take part in the study.

#### **League Fails Economically**

Mustafa Ahmad 'Abdullah, the acting undersecretary of economy at the Ministry of Finance, has said that economic blocs have risen in the Arab world as a result of the failure of the Arab League's economic units, embodied in the Arab Economic Council and the Arab Economic Cooperation Council, to accomplish the Arab countries' economic objectives, particularly since the economic blocs system is more practical and realistic by virtue of the [limited] number of members in a bloc which makes it easier to tackle the development obstacles facing any bloc member. Moreover, these blocs will help create a common Arab market in the long run.

'Abdullah further said: Even though the motives behind the rise of the blocs are political, these blocs possess the prerequisites of economic success theoretically and practically, especially the Maghreb Bloc in which the elements of the economic structure, embodied in labor and high technical expertise, are found in Tunisia and in the pioneer Moroccan agricultural projects which market their products in the European market. Meanwhile, we find that Algeria's economy is founded on an economic base produced by the industrial renaissance and by natural gas. Libya's oil is an asset for this bloc. Insofar as marketing this bloc's products is concerned, we find that the European market is close. Moreover, the U.S. markets and the markets of Central America and West Africa need this bloc's products. We must also consider the scarcity which the countries neighboring this bloc experience. We also find that the Arab Economic Council's success elements are weak, especially when we realize that the Egyptian economic reality is identical to the reality of Iraq. Both rely fundamentally on the Gulf states' investments. Iraq has a slight edge by virtue of its oil reserve which is direly needed to rebuild what has been destroyed by the war. We also find that North Yemen and Jordan rely on expatriates' remittances.

'Abdullah said: It is better for Sudan to join the Maghreb States Council by virtue of the fact that this bloc is economically, and only economically, better than the other bloc. He said that the current Sudanese-Egyptian trade volume can be achieved in trade with the Maghreb bloc by establishing joint projects that market their products in the Maghreb countries, especially since this type of economic activity is being developed in the Egyptian-Sudanese relationship.

Dr Sa'd-al-Din Ibrahim, the deputy undersecretary of economy at the Ministry of Finance, has said that Sudan does not have a clear economic strategy that enables it to join any of the blocs, not to mention the ongoing war in the south that is draining its resources. The objective of

the establishment of any economic bloc is to create for its members an economic base by focusing on development. By joining, Sudan will compel the members of the bloc it joins to support it in confronting the war. He said that before it declares its accession to any bloc, the Sudanese Government must make a careful economic study of the benefits and success elements of both blocs.

He said that the elements of the Arab Economic Cooperation Council's success are greater by virtue of the Arab investments existing in Egypt and Iraq. This in itself represents a major economic base that enables the bloc to achieve renaissance for its members. Meanwhile, we find that Libyan oil is used for purely uneconomic objectives and is not put to [proper] use. Therefore, it is better for Sudan to join the eastern bloc, especially since it does not have with the Maghreb Unity Council the trade it has with Iraq and Egypt or the Sudanese labor found in Jordan and Yemen.

#### **Columnist Says NIF Wants 'Destruction' of Armed Forces**

45040247a Khartoum AL-MAYDAN in Arabic  
26 Feb 89 p 2

[Isma'il Salim Editorial: "Front's Primary Objective Is Destruction of Army"]

[Text] The warmongers' press continues, without exception, to spread objectionable and tendentious lies and to mislead people, boasting that it is eager to strengthen the armed forces and to draw attention to the presence of "lackey domestic and foreign fingers that stir confusion and defeatism and that seek to fragment the domestic front." To prove its point, this press has been ceaselessly replaying the record of the "Ambo symposium, the leftist unions' plotting and the strike of professionals and employees" and other issues. This press finds it a must to dwell a little on the Sudan security processions as a reminder of its support for the army and on "the association vehicles which were used (for shopping) and then returned unscratched to the deputies." And what about the Bergen symposium in Norway in which Garang's supporters are participating? Is it like the Ambo symposium or is it a little better and dearer to the front?

To begin, we stress that the Islamic Front does not clamor and kick thick dust around any issue unless it is plotting and scheming and spreading poison secretly. When the front plans to commit a crime, it rushes to immediately accuse its opponents of the crime. This immoral approach emanates from the psychological and intellectual makeup on which this party is founded. The front is thus proving that it is a disciple who ceaselessly follows the masters' steps.

It is truly regrettable that whenever the voice of peace and reason rises and whenever an initiative emerges to muzzle the guns, these discordant voices grow louder, screeching and spreading a dark and gloomy atmosphere abounding with rumors and disseminating sedition and hatred among the people's sons.

If the Islamic Front insists with unenviable stupidity that the communists and the leftist forces are hostile to the army and are bent on fragmenting it, then we challenge this front to embrace the call for peace—a peace that finally ends the killing of our troops and the shedding of their blood and of their families' tears. Let the front abandon its exposed clowning and its flattery of the army as it did in the recent symposium held at al-Mawlid Square in which heaped flattery on the army officers after the "worm had turned in the belly." The communists do not need this drivel. Accusations are constantly and freely made against them but the people know that the communists are peace advocates and firm strugglers who seek to end the grief and the sorrow and to silence the moans resulting from the war tragedy. They defend the presence of the armed forces as united and strong forces that protect the country's unity and democracy—forces whose troops enjoy the right to life remotely from unnecessary martyrdom.

But those who seek to destroy the armed forces so that they may turn the blood of the armed forces' sons into a trade do not understand this position because their primary objective is to destroy these forces, along with the other regular forces, imagining that it is possible to replace them by unconscionable religious radicals. This is the opinion which the front leaders have recommended to the henchman imam.



## INDIA

### **Gandhi: Strengthen Local Bodies**

46001295 Madras *THE HINDU* in English  
28 Jan 89 p 7

[Text] New Delhi, Jan 27. The Prime Minister, Mr Rajiv Gandhi, today called for transforming the Panchayati Raj system into an instrument of nation-building with decision making powers being appropriately vested in the district, block and village level bodies. It would have to be ensured that the power brokers were eliminated.

Inaugurating the Panchayati Raj conference of 12 northern and western States, Mr Gandhi cautioned that these third level institutions, a vital part of the country's democratic structure, are given a new orientation in keeping with idea of decentralisation of decision-making expounded by Gandhi and Nehru. One would have to be watchful that the interests of the minorities, linguistic and others, were not compromised and existing social equations not disturbed.

**To usher in new era:** Admitting that there was delay in bringing about decentralisation of power and that such devolved power was withdrawn through manipulations, Mr Gandhi said his Government was committed to fulfil the "old" promise of giving more powers to the Zilla Parishads, block committees and the village panchayats. This would usher in a new era of development, throwing up solutions to the peculiar problems of their respective areas of which they knew much more than others, and bring about a greater measure of social justice.

A beginning had already been made to introduce the concept of planning at the district level. The Planning Commission had agreed to it. However, it might take some time before the concept was fully implemented, the Prime Minister said.

He said the Government had come before them after doing its "home work," having discussed the matter with the Ministers, Chief Secretaries and the Collectors. It was the responsibility of the participants in the conference to consider how to get over the problem of power brokers and discuss the kind of equation and relation among the Zilla Parishads, their presidents and the administration and the State Government. There was also need to discuss whether the municipalities should be controlled by the district administration.

How the power should devolve? Should this be done through constitutional amendment or otherwise? To what extent should one go? These were the issues of importance. The Constitution could be amended by adding fourth, fifth and sixth lists spelling out the operational areas for the Zilla Parishads, block committees and the village panchayats.

**'Mandatory elections':** Also, the elections to these bodies could be made mandatory as has been done in the case of Parliament and State Assemblies to get over the problem of governance through nominations and frequent super-sessions. Even the State's responsibilities could be defined and some powers withdrawn and given to the zilla parishads and other bodies below them. These bodies could even be entrusted with the authority to mobilise resources and raise revenue.

Special steps might be necessary, he said, to provide for reservations as was done in the case of jobs. Nomination or coopting of people could be a method to give representation to the neglected sections or minorities. Alternatively, provision could be made by carving out multi-member constituencies. There could even be special committees for minorities.

**Carrier of development:** Calling upon the participants to consider these issues and answer the questionnaire circulated to them frankly and fearlessly, Mr Gandhi said the system had to be an effective carrier of development with no place for power brokers. It would have to ensure that the rich and the high caste did not grow richer and stronger. It must facilitate social and economic changes aimed at bettering the lot of the poor and the downtrodden by removing injustice.

Besides putting an end to the atrocities on the poor, the weak and the adivasis, people should be involved in the developmental work from which they ought to benefit. For this, initiative would have to be restored to the individual so that neither the spirit nor the meaning of the Panchayati Raj system was lost.

Experience had shown that development was impossible, if the political and administrative levels of the last rung—zilla parishads, block samitis and panchayats—of our democratic structure were neglected. As a result, of this neglect the democratic structure had become hollow and the upper two tiers "paper tigers." Development and democracy at the district and lower levels was therefore absolutely essential and was the goal, he said.

**Dependence should go:** The Prime Minister said that for the smallest thing the Chief Ministers, the Members of Parliament and MLAs [Member of Legislative Assembly], rushed to him, holding up the developmental works. Instead of letting the people solve their problems, solutions were foisted on them by those who had no idea of the problems. The growing dependence on the Government for everything had to go. The society had to be changed in such a way that the distance between the Government and the governed was bridged and decision that ought to be taken at the district level were taken at that level only.

The Union Agriculture Minister, Mr Bhajan Lal, said the duration of the conference had been extended to four days against original schedule of two days, as suggested by the Prime Minister.

He said the Panchayati Raj conference of the eastern States would be held in March in Calcutta and those of the southern States in April in Bangalore. The sammelans were being held against the backdrop of serious apprehensions expressed by Chief Ministers of non-Congress(I) States over the dialogue with District Collectors initiated by the Prime Minister, Mr Rajiv Gandhi for further devolution of powers at the lower levels. The Opposition Governments saw this as an attempt to usurp the State's powers.

### Developments in Indo-U.S. Relations Under Reagan

46001288 Bombay *THE TIMES OF INDIA* in English  
21 Jan 89 p 9

[Article by K. Shankar Bajpai, India's ambassador in the United States in 1984-86: "New Delhi and Washington: The Reagan Effect"]

[Text] Mr Reagan began his presidency by transforming America's domestic scene and has ended it by helping to transform the international scene. Relations with India were not exactly high on his agenda, and most of his favourite themes and drives—promotion of market forces, reduction of the range of government activity and an assertion of American strength to achieve American purposes—reflect attitudes about as welcome to India as the things we say, do or aspire to would be to people of his persuasion.

Yet there is a widespread perception that Indo-American relations became marked by greater calm and content, in actuality and even more in promise, during his regime than almost ever before.

Apart from profound differences in the two countries' ways at looking at things, relations long meagre and uneasy might have been expected to become more so because of our very differing priorities. India's relevance to America's principal concerns is hardly of the first order. The converse is equally true.

### Positive Forces

It is tempting to think that, despite all the drawbacks, the positive forces in India and America have prevailed over the adverse ones in both countries because both have developed more balanced and mature views, and more sensitive and relaxed modes of dealing with each other.

This is partly true. Mrs Gandhi after her 1980 return to power deliberately tried to brush away the cobwebs that had overgrown relations, reduced abrasiveness and put in a real content.

On the American side three factors came into effective play. One was that the revival of the Pakistan nexus made it advisable to placate India. Secondly, the Reagan approach included steps to counter Soviet influence

wherever it was found at work. Finally, without underestimating our weaknesses and fragilities, enough American policy-makers, perhaps even more than ours, recognised that India had developed into a state with power and the willingness, if not eagerness, to use it.

Mrs Gandhi made three visits to meet President Reagan, and so has our present Prime Minister. Mr Bush, then vice-president, Secretary of State Shultz and, unprecedentedly, Secretaries of Defence Weinberger and Carlucci, came to India. Such exchanges may be dismissed as the routine of jet-age diplomacy, but the level and frequency symbolised the unaccustomed seriousness with which the two governments sought to come to terms with each other in practical, unprejudiced ways.

Among the fruits of these exchanges were the agreement that set aside the long-exasperating Tarapur issue, and the memorandum of understanding that opened the way for our acquisition of a whole range of advanced technology. However, the differences remained as extensive as ever.

We had a particularly hard time on economic matters, whether in the opposition we faced to what we sought from the World Bank, the Asian Development Bank, or UNCTAD [United Nations Conference on Trade and Development, or in our clashes over the inclusion of services in GATT [General Agreement on Tariffs and Trade], or sharpest of all still, on issues of intellectual property.

Our opinions on most international issues, not least as expressed in U.N. voting, were as discordant as our positions on nuclear non-proliferation. We objected to all kinds of American actions, from Nicaragua to Libya and Americans looked askance at our periodic talk of a foreign hand in our domestic affairs. There were misgivings in both countries about what the other was up to in Sri Lanka. We disagreed totally over the Afghan issue. Above all, as so often before, arms aid to Pakistan, and all that it represented or implied, was a constant dissension.

The accumulated and persistent discomforts in Indo-U.S. relations are varied and often indefinable, but what generally causes them is the American dislike of our relations with the USSR and our dislike of their relations with Pakistan. It would be wrong to suppose that either side has learned to live with fundamental disagreements. But, certainly, each took them, and the other causes of friction, far more easily in its stride than was the wont.

For this, the new approaches initiated by Mrs Gandhi, and pursued by our present Prime Minister, to modernise or stimulate our economy, to diversify as well as improve our sources for military supplies, and specifically to explore how far we could turn to the United States for these, provided the spur, in addition to the policy reasons that in turn spurred American responses, we have to thank Mr Reagan's style of leadership.

### Mistrust of India

This has laid itself open to much raillery. Indians might often have wondered if he knew where India was. But the admiration and affection for him in his country underline the need for a serious analysis of the reasons for his effectiveness. Perhaps he will be best remembered for radically changing the things Americans look for in, and from, their political leaders. This is why the party to which he originally belonged, the Democrats, cannot put itself together, and liberal has become a term of abuse.

Internationally, too, the forces various countries have to adjust to in pursuing their own interests will be very different in future. At least in part, this is because of the Reagan years. For all this his practice was to set the tone or direction, while his more or less professional subordinates worked out the details. Mistrust of India is widely prevalent among such professions, especially in the defence establishment. But the senior Reagan advisers put in plan the catalysts which resulted in a more harmonious and productive relationship because the leaders in both countries had created the necessary atmosphere.

The advances should not be overestimated. Few American leaders have much time for what India continues to stand for, while in India it has long been almost unpatriotic to think well of the U.S. The strategic and economic horizons of the U.S. still extend essentially to the west and east of us. The sub-continent as a whole enters the picture mainly when something happens that affects these priority areas—like Afghanistan, or when there is trouble in the sub-continent stemming from India-Pakistan quarrels.

At some four billion dollars per year, trade with the U.S. now represents a quarter of our total world trade turnover but less than one percent of the United States, while its investment in India has been struggling to pass the half-billion dollar mark. The business exchanges that can be so helpful to relations have thus been almost derisory, not least because Indian business has been even more reluctant than government to see them expand. The Reagan years saw most encouraging changes in this area, and new stirrings are noticeable in both trade and investment.

The thought of the Indian market at a time when markets are hard to find, our technological capabilities, and the liberalization initiated by Mrs Gandhi but more particularly associated in the American mind with the dynamism expected from our new Prime Minister after her tragic end, have generated this interest in exploring collaboration.

At the same time, India's view of the United States as an unwilling and undependable military supplier, and U.S. suspicions that we would misuse their supplies for nuclear weapons systems or leave them exposed to Soviet misappropriation, have been overcome to the extent that some beginnings in military purchases have been possible.

How far the future will show greater substance to relations in these and other fields will depend not only on the changing circumstances but on the outcome of debates within both governments on how far to get involved with each other.

It would be unrealistic to predicate greater Indo-U.S. friendship on changes in U.S. attitudes. It is also doubtful how far we in India could agree to develop policies or attitudes more in tune with those of the United States. In particular, Washington will clearly continue its role in Pakistan, now in support of the new democracy there, hoping improved India-Pakistan ties or some balancing gestures of goodwill towards us will make this easy.

### Central Fact

The U.S.-USSR relationship will remain the central fact of international life, and debates will be endless whether Moscow's policies are changing more because of Gorbachov's domestic aims or, as many Americans prefer, because of the pressures Mr Reagan exerted. It remains to be seen whether superpower collaboration will impose itself on us, or new forms of confrontation will arise between them. The extent to which India can increase her relevance to the course of events will determine, more than anything else, how Washington deals with us.

Mr Bush has taken a more knowledgeable interest in India than virtually any president, Mr Kennedy not excluded. We should not, however, expect him to take a kinder, gentler look at India. He gave us a hard time in the U.N. debates on Bangladesh not just because of the Nixon tilt, but because the U.S. will always press us hard on our role in a region in which its degree of involvement will fluctuate but never go away. Instead of Mr Reagan's instinctive type of leadership, we should see a more matter of fact approach. This may require harder work by us than under Mr Reagan. But it could be usefully productive.

**Foreign Minister Meets With Consultative Panel**  
46001300 Calcutta *THE TELEGRAPH* in English  
1 Feb 89 p 5

[Text] New Delhi, 31 Jan—The Sino-Indian joint working group on the border issue will be set up in the first half of the year, the minister for external affairs, Mr P.V. Narasimha Rao, told the parliamentary consultative committee attached to his ministry today. The minister of state for foreign affairs, Mr K. Natwar Singh, met the Chinese foreign minister in Paris, he said, and talks on the subject showed that both sides were keen to begin the process.

Members of the committee voiced their doubts on Pakistan's nuclear programme and the power that the Army exercised in that country. The minister said India was aware of the constraints under which the Benazir



Bhutto government was functioning. "We are sympathetic to a democratic government. We have to build a new atmosphere after the visit," he said.

Responding to observations made by the committee members on the Prime Minister, Mr Rajiv Gandhi's China visit, the minister said the success of a visit should be evaluated with reference to the expectations that were there before the visit was undertaken. No one had expected a solution to the border question.

The expectation was that the situation which had remained frozen for two decades, would change so that a dialogue would commence. These expectations were fulfilled and for such a major breakthrough it was essential that the inspiration come from the highest political level.

[The Centre came in for sharp criticism for making concessions to China on Tibet during Mr Gandhi's recent visit to Beijing. Speaking at the consultative committee meeting, some members particularly referred to India agreeing to say in a joint statement after three decades that it recognised Chinese suzerainty over Tibet. They said the visit was not successful as it did not throw up any solution to the border problem, reports UNI.]

Mr Rao said "We had modest but realistic expectations before we went to China. The relationship between the two countries has improved and a momentum has been created. There was an atmosphere in China which was conducive to reaching a settlement. A viable process has emerged as a result of the visit and in terms of expectations it was a notable success."

There was a lively discussion in the committee meeting on the results of the Prime Minister's visits to China and Pakistan. The minister emphasised that during the consultative committee meeting in December, no member of the committee had said the Prime Minister should not go to China. Though one or two members had advocated the need for circumspection, there had been a clear consensus that the visits should take place.

The external affairs minister explained that a lot of preparation had gone into the joint working group. It was not the same as the earlier official discussions as the group was not two separate sides but a single group. The joint working group is confined to finding a long-term solution to the border question and in the short term to maintain peace and tranquillity.

On Pakistan, the minister said the coming to power of a democratic government was a very welcome development. He expressed the hope that the dialogue between the two democracies would blossom into friendship.

UNI reports from Islamabad: The next joint ministerial commission meeting between India and Pakistan is expected to be held by the middle of this year, a foreign office spokesman said in the capital today.

## Pant Tells Press Plans for Defense Production

### Importance of Exports

46001297 Calcutta THE TELEGRAPH in English  
31 Jan 89 p 5

[Text] New Delhi, Jan. 30: The defence ministry has decided to set up a separate organisation to deal with defence exports. The government has already ordered a survey to identify the areas and the countries where Indian armaments could be sold.

The Union minister for defence, Mr K. C. Pant said at a press conference today that defence exports had become important now.

The minister said there had been an overall improvement in industrial capability, making export possible. He said a lot of progress had been made, specially in the field of electronics. However, he did not mention the equipment identified for exports. He said at present India could only export small arms to some neighbouring countries.

To a question whether armaments of Soviet origin like the T-55 tanks and MiG-21s would be manufactured under licence in India, Mr Pant said the issue had been discussed with the Soviets, but no final decision had been taken so far. He said, "Whatever we do, we will do after holding discussions with them." Mr Pant said care could be taken to see that exports were not in contravention to the country's foreign policy.

He hoped that better export performance would not only increase the country's competitive ability but also bring in additional resources, especially in hard currency to finance essential technology imports required for the modernisation of defence production units.

The minister said exports had become important because the period of financial stringency in the country had affected the modernisation drive of the defence forces.

Mr Pant said special emphasis was being laid on research and development. He said the missile programme had progressed well and at least two kinds of missiles were ready to reach the production stage.

PTI adds: He brushed aside suggestions that the test firing of the multi-stage rocket into deep space by Pakistan constituted any threat to India.

Replying to questions on commission agents in defence contracts, the minister said the S. K. Bhatnagar committee reports was being analysed by the ministry adding, "We will come to conclusions soon."

About the indigenous manufacture of the self-propelled version of the 155-mm Bofors guns, Mr Pant said this formed the second part of the contract signed with Bofors and that the government was going into it now.

The defence minister also denied that any complaints had been received from the Nepalese government about Indian air intrusions.

### **Submarines, Missile Systems**

46001297 Bombay *THE TIMES OF INDIA* in English  
31 Jan 89 p 7

[Excerpt] [Passage omitted] Regarding the acquisition of submarines, he said the government had decided not to go ahead with the purchase of two HDW submarines. He added that it had not exercised all its options yet in the purchase of submarines.

Mr Pant said the Bhatnagar committee on submarines had arrived at some conclusions and the government had studied the report.

The three missile systems being developed by India would soon be put to production, he added.

### **Pakistan Rocket Test Embarrasses Indian Aides**

46001299 Madras *THE HINDU* in English  
1 Feb 89 p 9

[Text] New Delhi, Jan 31. Reports from Karachi indicating that Pakistan has successfully test-fired a multi-stage rocket with a scientific payload of 150 kg to an altitude of 640 km have predictably created embarrassment among top aides of the government who had been blocking the test of the Indian IRBM technology demonstrator Agni on the excuse that it would impair the emerging Indo-Pakistan entente.

More alarming has been the failure of the Indian intelligence agencies to provide any advance information on the subject even though the launch was carried out on January 10 from the testing range at Sonmiani near Karachi. The first inkling of the test came through the report carried in a well-known Karachi daily, DAWN.

Defence analysts are at a loss to understand this most recent development which would imply that Pakistan could develop intermediate range ballistic missiles since the rocket tested on January 10 was a multi-stage one. Based on the *Dawn* report as it appeared in the Indian press, some specialists say that the rocket would be of the augmented space launch vehicle (ASLV) category since it boosted the payload of 150 kg to a 640 km altitude. Converted into a military missile, it would have a range of 1,500-2,000 km and perhaps more.

**Mixed record:** India's civilian launch vehicle programme has had a mixed record. After successfully designing the SLV-3 launch vehicle (capable of being converted into a 1500-2000 km range IRBM), it has had setbacks with the

first two launches of its ASLV vehicle proving to be failures. The military programme has so far been successful with the test launches of a SAM system, Trishul, and a surface-to-surface missile system, Prithvi with a range of 250 km and 1000 kg payload.

Indian officials were sceptical of the previous reported launch (May 1988) of a battlefield support missile capable of carrying a 1000 kg warhead to a distance of 650 km. They argued without specific information however that Pakistan had had no previous record of missile launching capability and that given the technical difficulties that India had faced, it was unlikely that Pakistan could have overcome them.

**U.S. report:** In 1987, an update of a U.S. Congressional Research Service report on ballistic missile proliferation did not even list Pakistan as having a missile programme. It noted however that Pakistan had a modest space programme using sounding rockets under cooperative programmes with the United States, Britain and France. These very simple rockets carry payloads of 2-10 kg to heights of 50-60 km. It is not easy to base larger space launch vehicles or missile programmes on this low level technology. The report noted, "Pakistan is not at the same level as Brazil and far behind India in this area". The report gave a fairly detailed picture of the Indian missile and space programmes as it did of the Brazilian and Argentinian ones.

Last year the then Senator and now U.S. Vice-President, Mr Dan Quayle, issued a report which was based on the CRS findings as well as other published material, and the Pakistani test of May was cited. Curiously, the Pakistani test was reported in the *New York Times* and not any Pakistani or Indian newspaper.

One line of thinking is that the Pakistani launches have been through Chinese launchers such as the one that was provided to the Saudis. The May 1988 missile too could have been a Chinese M-9 missile which is reported to have a 600 km range. There is an element of suspicion in Pakistani claims since unlike the Indian programme which has been fairly open, with the Press visiting the missile design facilities and the Doordarshan running a clip of the test-launch of the Prithvi, the news of Pakistani tests and launches are not independently verifiable. Nevertheless in the context of the continuous stream of reports confirming the Pakistani nuclear weapons programme, India is likely to be compelled to look at its own programmes which are under an enforced holiday of sorts for the past 10 months.

### **Police Say Pakistani Support to Punjab Terrorists Ended**

46001290 Calcutta *THE STATESMAN* in English  
23 Jan 89 p 9

[Article: "Active Pak Support to Punjab Terrorists Over, Say Police"]

[Text] Chandigarh, Jan. 22—Pakistan has stopped giving active support to the Punjab terrorists. A sudden

change in Pakistan's attitude towards the Punjab terrorists has been noticed after Mrs Benazir Bhutto assumed power. This is the fresh assessment of senior Punjab police officers. The assessment is also based on the interrogation of some terrorists who had earlier crossed over to Pakistan and were arrested by the security forces recently.

During Zia's regime, Pakistan's active support to the Punjab terrorists was an open secret. Not to speak of providing sanctuary and arms to the terrorists, Pakistan during Zia's rule was openly accused of even organizing training camps at a number of places for terrorists. So much so that on a few occasions, the Union Home Minister, Mr Buta Singh, made a detailed statement in Parliament last year about Pakistan's active support to the terrorists.

But the Punjab police officers have assessed that the terrorists still cross over to Pakistan to buy arms from the smugglers operating on both sides of the long border. Now the terrorists are getting all their arms through the smugglers only after the evident change in the attitude of Pakistan. The smuggling of arms, however, is continuing unabated along with the smuggling of gold and heroin.

At present, the main source of income for the terrorists is through extortion which is going on at a large scale, particularly in the rural areas of the three border districts of Amritsar, Gurdaspur and Ferozepur. The terrorists are extorting money from middle and big farmers, contractors, rice sheller owners and even Government employees. They either send a note to the person from whom they want to extort money or they kidnap him or some of his relatives and demand ransom.

In the three border districts, according to reports, a parallel regime exists and people prefer to part with their money instead of reporting to the police out of fear of the terrorists.

Meanwhile, the Bhindranwale Tiger Force of Khalistan—one of the four major terrorist groups—which had suffered the most during the Operation Black Thunder and lying low since May last year, appears to have become active again. The BTFK was behind the brutal hanging of three Hindus at a village in the Tarn Taran subdivision of Amritsar district on Saturday night. This was the first major terrorist act by BTFK in the past three months. The group is headed by Gurbachan Singh Manochahal whom the militant organizations had appointed chief of the Akal Takht about two years ago. Manochahal hails from Amritsar district. He had served in the Army for about a year before he was removed on charges of having slapped an officer. According to the police sources, Manochahal frequently crossed over to Pakistan in the past few years. There is a reward of Rs 1 lakh on his head and his name figures high in the list of wanted Punjab terrorists.

According to the police, about two months ago, the BTFK was planning to recruit some ex-servicemen in their organization to train the killer squads. But it seems that the organization has not succeeded in its objective, according to the police.

The Khalistan Commando Force and the Babbar Khalsa have received a drubbing from the security forces in Punjab during the past two months. A large number of their members, including key figures, have either been killed or caught by the security forces.

**Soviet Union Offers Help in Antarctic Research**  
*46001283 New Delhi PATRIOT in English*  
23 Jan 89 p 7

[Article: "USSR Offers Help in Antarctic Research"]

[Text] The Soviet Union is ready to team up with India for joint research in Antarctica, a top Soviet official said in New Delhi on Sunday, reports PTI.

"If Indian scientists feel that joint study of Antarctica will be useful, we are ready to cooperate", Dr Yury Israel, chairman of the USSR State Committee for Hydrometeorology said adding that Indian scientists had been invited to USSR to discuss details.

Describing joint Antarctic research as a future possibility, Dr Israel said this was not covered in the agreement signed by him and Dr U. R. Rao of the Space Department at Bangalore last Thursday.

He said the agreement covered new areas of cooperation in meteorological and upper atmospheric research using advanced space techniques for which the USSR will deploy aircraft and research ships equipped with latest equipment, and use the newly designed sounding rockets that can reach a height of 1500 kilometres.

Dr Israel said during the last 20 years India had launched about 1000 Soviet-made M-100 rockets from the Thumba launchpad for collecting atmospheric data. These rockets can go only up to 100 kilometres.

The newly identified research areas include study of the protective ozone layer whose thinning has caused worldwide concern. Dr Israel said the Indo-Soviet study would try to establish if the ozone depletion "is a seasonal or permanent phenomenon".

He said another major agreement with the Indian Meteorological Department that will cover all aspects of meteorology is in the offing.

"Both USSR and IMD [expansion unknown] scientists have been working on this for 18 months and details will soon be finalised", Dr Israel said.



### Plans for Cooperation With USSR in Meteorology Told

46001289 Madras *THE HINDU* in English  
21 Jan 89 p 3

[Text] Madras, Jan. 20—Improved sounding rockets and an entire spectrum of new techniques will be used for conducting experiments in meteorology and investigation of upper atmosphere that will be beneficial to both India and the USSR under an agreement signed between the two Governments yesterday, according to Mr. Yu. A. Izrael, the USSR Minister for Meteorology and Environmental Protection.

(An inter-Governmental agreement between India and the USSR on scientific and technical cooperation in the field of meteorology and investigation of upper atmosphere using space technology was signed in Bangalore by Prof. U. R. Rao, Chairman, ISRO and also Secretary, Department of Space and Mr. Izrael. The rockets used for the exploration of upper atmosphere are called sounding rockets and they reach heights ranging from 10 to a few hundreds of a km.)

Mr. Izrael told presspersons on Thursday here that the Soviets would like to use rockets that could reach higher altitudes. Sounding rockets that could reach a height of 200 km had been launched recently. A new generation of rockets that could reach a height of 1,500 km had been developed and they would give better information on meteorology and upper atmosphere. "We will also like to use improved payloads for the rockets and better means of tracking them," he said.

He said these rockets would be launched from both the USSR and the Thumba Equatorial Rocket Launching Station [TERLS], Trivandrum. But the final word would be that of the experts. In two months, a team of experts from the ISRO would visit the USSR to write down the programme and course of action.

### Tackling Pollution

The agreement would enable the countries to tackle problems of atmospheric pollution, the state of the ozone layer and upper atmosphere and their inter-relationships. Under the agreement, the Indian and Soviet experts would also conduct experiments in the study and forecast of monsoons, changes of climate and the status of crops and productivity. Thus, information would be obtained on desertification, deforestation and other ecological problems. Research on upper atmosphere was also necessary for the solution of problems regarding radiowave propagation.

An important aspect of the agreement would be the study of the depletion of ozone layer. The Soviets already had enough information on ozone layer from the Polar region but there was no knowledge about the ozone layer from the equatorial and other regions. Hence, the significance of launching rockets from the TERLS, Trivandrum.

Mr. Izrael said that under an earlier memorandum of understanding over 1,000 Soviet-made M-100 meteorological rockets had been launched from TERLS in the last 20 years, at the rate of one rocket every Wednesday. About 500 Indian-made RH-200 sounding rockets had also been launched for observing the atmospheric temperature, pressure, density and winds up to 80 km altitude.

The new agreement envisaged that the Soviets would provide India with experimental meteorological aircraft, scientific research vessels and equipment and also technical facilities. India would provide the Soviets with personnel in the assembly and operation of rocket complexes and ground equipment (in India) for investigating the atmosphere and ionosphere.

### UK Dispute With India Over Westland Helicopter Settled

46001286 Bombay *THE TIMES OF INDIA* in English  
23 Jan 89 p 13

[Article by K. N. Malik: "Westland Dispute Settled"]

[Text] London, January 22—British defence analysts here believe that with India's acceptance of the MK 42B anti-submarine warfare (ASW) a variant of Westland's advanced Sea King helicopter, the two countries appeared to have settled the dispute over the performance of the helicopter's mission system avionics.

The dispute concerned the integration of the avionics suite, which is claimed by General Electronics (GEC) to be the most highly integrated ASW system operational in any helicopter. India, according to JANE'S DEFENCE WEEKLY, "has already received some MK 42Bs and deployed them aboard the carrier 'Viraat.' By accepting the new helicopters India and Britain have not only settled the differences over system performance but also agreed on payment terms.

The MK 42Bs GEC avionics tactical processing system incorporates the company's AQS-9028 acoustics processor, integrated with the MEL super searcher radar, Alcatel HS-12 dipping sonar, Chelton 700 sonic homings and Marconi's Hermes electronic support measures.

India is now expected to receive 20 MK 42Bs. In addition it wants to buy six MK 42Cs. The latter is a utility transport version of the advanced Sea King. The next batch of the MK 42B is to be delivered by June.

India first signed the contract for acquiring 12 ASW version of MK 42Bs in July 1983 with an option on eight more. The estimated cost of the helicopters, training, spares and customer support is about £500 million.

India bought the Westland 30s under great pressure from the British government. The sale was covered by a British government grant and helped bail out the Westland company which was at that time in a financial crisis. The Indian deal gave the workforce at the Westland plant work and helped avoid redundancies in the only helicopter company of the country.

India has also bought Westland 30s for the ONGC [Oil and Natural Gas Commission]. That purchase proved controversial. Since its acquisition the helicopters performance has not lived up to the stipulated standards. Many of the helicopters have remained grounded for long periods of time. Indian authorities have been asking Westland to modify the helicopters so that the stipulated level of performance can be adhered to. But Westland has stalled undertaking costly modifications. It is not yet known whether the dispute over the helicopters has been resolved.

**Ideological Differences Hamper CPI-CPM Unity**  
46001285b Calcutta *THE TELEGRAPH* in English  
17 Jan 89 p 5

[Article by Manini Chatterjee]

[Text] New Delhi, Jan. 16: The CPI's [Communist Party of India] eager appeals for unity notwithstanding, the CPI(M) [Communist Party of India-Marxist] has till now remained adamant that this cannot take place unless the CPI revises its party programme and changes the basic tenets which led to the split in 1964. Though the CPI is keen on unity, it too will not change its party programme to suit the CPI(M)'s position, it is learnt.

The basic differences in the two party programmes is that while the CPI(M) characterizes the Indian state as a bourgeois-landlord state and seeks a "people's democratic revolution," the CPI regards it as a bourgeois state and aims at a "national democratic revolution."

While this may seem empty rhetoric to the layman, it was on this and allied issues that major differences emerged in the united party and finally reached an irreconcilable state. The theoretical formulations led to a tactical application which were at complete variance with each other—the CPI went on to support the Congress even during the Emergency and the CPI(M) remained steadfastly anti-Congress and improved its strength in the country.

The CPI's formulation of national democratic revolution envisages that the working class can share power with the "progressive sections of the bourgeoisie" in the transitional phase and through a gradual process the working class (that is the Communist Party) will take the lead. This led to the understanding that the ruling Congress (then led by Pandit Nehru) formed the progressive bourgeoisie. This further led to the actual alliance between the CPI and the Congress in certain states and finally their support to the Emergency.

The CPI(M)'s formulation of people's democracy on the other hand states that this can only take place when the leadership of the working class is established. The CPI(M) held that any sharing of power with the bourgeoisie when the working class was not in the lead would lead to the dilution of the power of the working class. Both regard the state of either people's democracy or national democracy as a transitional stage to socialism. The CPI(M) feels that the CPI formulation cannot lead to socialism and in fact will retard the progress.

Surprisingly, the CPI's revised programme is likely to make only one major change. Party sources admitted that the programme will no longer stick to the formulation that a "non-capitalist path of development" is possible. As per this theory, it was possible to reach socialism by passing the phase of capitalism because of the progressive policies of the national bourgeoisie, that is through state control of the means of production. This meant that the national democratic state (the power alliance between the bourgeoisie and the working class) could achieve socialism.

CPI(M) sources feel that the dropping of the non-capitalist path without the subsequent change on the question of the path of the revolution (that is people's democracy and not national democracy) is meaningless. Therefore, this one revision in the CPI's new programme is unlikely to cut much ice with the CPI(M) and thus will not further the prospects of unity.

While the CPI(M) insists that basic ideological differences must be cleared in order to even discuss unity, the CPI leadership feels that all these formulations which floated around in the fifties and sixties are mere dogma.

Mr Farooqi said, "Ideology is not dogma. We should not become prisoners of dogma. Lenin had said, 'Life is green, theory is grey.'"

Unmoved by these pleas, the CPI(M) leadership as well as cadres continue to view the CPI as an ideologically revisionist party which has of late taken correct tactical positions. The question is not of the character of the Rajiv government as opposed to the Nehru government but of the class character of the ruling classes and regime, they insist. Therefore, only a coincidence of views on these matters and not on the immediate fight against the Congress(I) and the BJP [Bharatiya Janata Party] can determine the chances of Communist unity.

**CPI(M) Triples Representation in Tamil Nadu Assembly**  
46001292 Calcutta *THE TELEGRAPH* in English  
24 Jan 89 p 7

[Article: "Threefold Gain by CPM"]

[Text] New Delhi, Jan. 23: The CPI(M) [Communist Party of India-Marxist], which has won 15 of the 20 seats it contested in Tamil Nadu, today warmly congratulated

the people of the state for giving a "crushing defeat to the Congress(I) and providing a big majority to the DMK [Dravida Munnetra Kazhagam] and its allies in the Assembly elections."

The CPI(M), which had five seats in the outgoing Assembly, has now tripled its record and achieved the best electoral result in the state so far. Fighting in alliance with the DMK, the party was given 21 seats but election in one seat was countermanded following the death of an Independent candidate.

The Communists had presented a fragmented picture in the state elections with the CPI(M) allying with the DMK, the CPI [Communist Party of India] with the AIADMK [All-India Anna Dravida Munnetra Kazhagam] (Jayalailta) and the newly-formed Indian Communist Party (ICP) with the Congress(I).

Of the three parties, the CPI(M) appears to have made the correct choice. The CPI, which fought 12 seats (after seat adjustment talks with the DMK broke down), has won three. The ICP has won only one of the 10 seats it fought.

In a statement, the CPI(M) politburo attacked the Prime Minister saying, "The repeated visits of Rajiv Gandhi and his blandishments have miserably failed. The decisive verdict in Tamil Nadu is a clear rejection of Rajiv Gandhi's election campaign and reflects the acute discontent among the people against the Congress(I) government's policies."

Though the party leadership did not call for snap polls, it said, "The verdict in Tamil Nadu once again reveals the people's massive no-confidence in the Rajiv government and enjoins upon all the Left and secular Opposition forces to redouble their efforts to oust the Rajiv government in the coming Lok Sabha elections."

#### **Congress-I Reportedly Drops Plans for Snap Elections**

46001291 *Calcutta THE STATESMAN in English*  
24 Jan 89 p 14

[Article: "Congress(I) Drops Plan for Snap Poll"]

[Text] New Delhi, Jan. 23—The one sure outcome of the Tamil Nadu Assembly elections in which the Congress(I) cut a very sorry figure is that all talks of a snap poll for the Lok Sabha are decidedly out and there are creeping doubts in the capital's political circles whether even the general elections would now be held in time, that is, in the end of this year.

There have been strident speculations in Congress(I) circles in the past on the advisability of having a snap poll. Reports emanating from quarters close to the Prime Minister, Mr Rajiv Gandhi, had been hinting at as much. The factors in favour of a possible snap poll, it was then being stated, were that the controversy over the Bofors

gun deal had receded, that there had been a bountiful harvest and that the Opposition parties were still disunited. This would be an opportune moment to have a vote-on-account in a short Parliament session—for a regular Budget would inevitably entail in a stiff dose of taxation totally distasteful and unwelcome in an election year—and then go for a snap poll. It was also being hinted that victory in the Tamil Nadu Assembly elections would give a big boost to the Congress(I)'s prospects in a snap poll. Even Mr Rajiv Gandhi did not rule this out, and answering reporters' questions during the electioneering in Tamil Nadu, Negaland or Mizoram, had indicated that the option for a snap poll was very much there.

But all that high thinking has evaporated into thin air. The speculation is now about the future. There are hush-hush talks in party circles about the general elections which are less than a year away. The constitutional provisions lay down that general elections must be held and a new Lok Sabha constituted before January 14, 1990. But are there loopholes that could be resorted to delay the poll? It will be a defeating idea, for a delay in the general elections will worsen the Congress(I) credibility.

Congress(I) M.P.'s, who would not like to be quoted, have a lurking fear. "Our party was defeated in Haryana, the Hindi heartland, and now it is in Tamil Nadu, the heartland of the South. What is happening in the Bihar Congress(I) is not very encouraging."

There is total frustration and demoralization in the Congress(I) after the miserable defeat in Tamil Nadu. The demoralization is all the more because the party leadership had staked for too much and too high in Tamil Nadu, declaring the party was going to wrest the State from "chauvinist" parties and that it was going to form the Government after two decades. Towards that end, it had put in a tremendous effort and even shifted senior party M.P.s and even a Minister to the State in a bid to show it was playing for high stakes. Had the Tamil Nadu elections been taken as one of those normal contests to be fought, the downfall would not have looked so disastrous and terrible. All they can now say is "we should take a lesson from Tamil Nadu", but what lesson it should be they do not know yet.

Depression and disenchantment is setting in in Congress(I) circles. Some party M.P.s are worried because the elections have shown that their leader, Mr Rajiv Gandhi, is "not a great vote-getter".

At the same time, such disheartened M.P.s and leaders appear to be stuck with the party. There does not appear to be a chance of an "exodus" from the party as yet. "Where shall we go?" They ask and think if there was something like a "strong Jan Morcha", they would have thought of it. There is almost nobody who is ready to show himself and is prepared to bell the cat.



**Top Congress-I Panel Meeting Postponed**  
46001301 Calcutta *THE TELEGRAPH* in English  
1 Feb 89 p 1

[Text] New Delhi, 31 Jan—The AICC(I) [All-India Congress Committee-Indira] session scheduled for mid-February has been deferred till March-end in view of the political crisis the party and its governments are facing in some states. The two-day session was to begin on 16 February in Hyderabad.

The Congress(I) working committee meeting today, discussed the situation in the wake of the growing defiance of partymen in many states. The meeting, which lasted for four hours, finally decided to postpone the AICC session. However, the official briefing was restricted to the outcome of the elections to the Tamil Nadu, Mizoram and Nagaland Assemblies and the Uttar Pradesh zilla parishads.

The AICC general secretary, Mr Ghulam Nabi Azad, who is also the official spokesman for the party, said the CWC [Ceylon Workers Congress] was of the opinion that there was no reason for the party to get alarmed over the debacle in Tamil Nadu since the party's decision to contest without an alliance has at least given it recognition in the state. Gains of some sets at the cost of the party's existence was not preferable, Mr Azad said endorsing the line of the TNCC(I) [Tamil Nadu Congress Committee-Indira] president, Mr G.K. Moopanar, now under attack from his colleagues in the state for having "sabotaged" the prospects of an alliance with the AIADMK (Jayalalitha) [All-India Anna Dravida Munnetra Kazhagam].

Mr Rajiv Gandhi, who chaired the meeting, asked the Central observers to give their accounts on the poll results at the outset. Except Mr Kamalapati Tripathi, all the 19 members including Mr Gandhi and the former Madhya Pradesh chief minister, Mr Arjun Singh, were present.

Mr Azad said the situation in Bihar, Orissa and Rajasthan, where the party governments stand threatened by dissidence, did not come up at all though the CWC agenda listed the "political situation" as the only subject for discussion.

**Janata National Executive Meets, Elects Officers**  
46001306 New Delhi *PATRIOT* in English 6 Feb 89 p 1

[Text] The national executive of the truncated Janata Party on Sunday decided to maintain its identity and elected Indubhai Patel as its president.

A national executive meeting resolved to "maintain the identity of the party at all cost" and take steps to strengthen the organisation.

The president was also authorized to oppose the Janata Dal application for transfer of the party symbol and take necessary steps to reoccupy the office.

Talking to newsmen later in the capital on Sunday, Mr Patel claimed that 102 members of the party attended the day's meeting where many important decisions were taken to strengthen the party at the grassroot level.

Besides Mr Patel, other members who attended the meeting were former Karnataka Minister for Power H.D. Deve Gowda, Syed Shahabuddin, Dr Subramaniam Swamy and Dr Sarojini Mahishi.

Though all national executive members of the party had been invited for today's meeting, most of them did not respond to the call, Mr Patel said. Mr Chandra Sekhar was also invited, but there was no word from him either.

Mr Patel said the Janata Dal had forcibly occupied the Janata Party central office and steps would be taken to remove them.

Claiming support of at least 15 members of the erstwhile Janata Party national executive for his move to maintain party identity, he said he would soon announce the names of party office bearers at the executive meeting on 3 March in the Capital.

A Janata Party convention will also be convened by mid-May to draft political, social and economic policies of the party. The Janata Party would work to change the political scenario of the country, he asserted.

At the press conference, Mr Patel also stated that he, along with Janata Dal leader Chandra Shekhar had had 'secret meeting' with Michael Herschman, Fairfax chief, in Switzerland some time in December last during which the latter confirmed that Mr V.P. Singh, then Finance Minister had asked him to investigate the "illegal accounts of Opposition leaders" in overseas banks.

He said the meeting took place in Zurich in the first week of December "through a friend."

**Reports on Developments in Indian Economy Summarized**

**Reserve Bank's Report**

46001298 Madras *THE HINDU* in English  
31 Jan 89 p 10

[Text] Bombay, Jan 30. The overall picture of the economy for 1988-89 is encouraging, according to the latest report of the Reserve Bank of India on currency and finance.

The growth in real national income is likely to be at least nine percent during the current financial year. With this growth, the average growth rate for the first four years of the Seventh Plan would work out to five percent and the

economy would be well on course to meeting the Plan target of the overall growth rate. Agricultural production is likely to show a rise of about 20 percent because of the extremely favourable weather conditions all over the country, while growth rate of industrial output is likely to exceed nine percent as compared with 7.7 percent attained in 1987-88.

The report, reviewing the performance of the economy during 1987-88 when the country faced a drought of exceptional magnitude and severity, said it was estimated that the real national income was likely to show a rise of over three percent as compared with the earlier estimates of around 2.5 percent. Unlike during the previous drought years, when real income showed actual declines, a positive growth was recorded during the year. Furthermore, the decline in agricultural output was less sharp than feared earlier, and industrial production showed a reasonable growth. These are some of the pointers to the resilience that the economy has acquired over the years.

Developments in the economy during 1988-89 have to be viewed against the background of extremely favourable weather conditions all over the country. Latest estimates indicate that the target of kharif foodgrains production of 92.5 million tonnes would be realised. The rabi prospects have also improved with good rainfall during the southwest monsoon and retention of sub-soil moisture.

Given the assured and increased availability of irrigation facilities, the prospects for the rabi crop are rated fairly good. Emboldened by the progress of the north-east monsoon and good sub-soil moisture the target of rabi foodgrains has been revised upwards to 76.6 million tonnes from 74.0 million tonnes fixed earlier.

**Good commercial crop:** As regards commercial crops, prospects are equally encouraging. The groundnut growing areas of Gujarat are reported to have received good rains, raising hopes of a bumper kharif oilseeds harvest of 8.0 million tonnes as against 6.3 million tonnes last year. With good rabi prospects, oilseeds production during 1988-89 could very well be in the range of 15-16 million tonnes as against 12.4 million tonnes in 1987-88.

As regards raw cotton, the Cotton Advisory Board expects a substantially higher crop of 102 lakh bales, as against 90 lakh bales during 1987-88. Production of raw jute and mesta is placed at 6-7 million bales as compared with actual production of 6.8 million bales in 1987-88, but substantially lower than the target of 9.2 million bales. The lower output is ascribed to a decline in the area under cultivation due, perhaps, to lower price realisation. Sugarcane production is likely to exceed the 1987-88 level of 196.7 million tonnes.

Taking both foodgrains and non-foodgrains production, the total agricultural production is expected to show a rise of about 20 percent in 1988-89.

During the first six months (April-September) of the current financial year, industrial output grew by 9.4 percent, which is somewhat lower than that of 10.9 percent during the corresponding period of 1987-88. The sectoral trend in industrial production during this period suggests that with the exception of 'mining and quarrying', which showed a marginal acceleration in growth rate from 5.3 percent to 5.7 percent, the growth rate in the other two sectors, viz. 'manufacturing' and 'electricity' showed sharp deceleration to 10.6 percent and 6.0 percent compared with 12.2 percent and 9.3 percent, respectively, during the corresponding period of 1987-88.

**Industrial output growth:** The prospects of industrial growth for the current year are encouraging in view of the favourable monsoon and the expected increase in agricultural incomes which would generate demand for industrial products. As agricultural production is expected to show substantial increase during the current year, availability of agricultural raw materials for agro-based industries will also show an increase which may enable agro-based industries to attain higher levels of production.

The overall improvement in rural incomes may lead to an increase in demand for consumer goods in the latter part of the year. This, coupled with continued liberalisation in industrial policies, is expected to promote greater competition in industry. In the light of these factors, the rate of growth of industrial production is likely to exceed 9 percent for 1988-89, as compared with 7.7 percent attained in 1987-88.

In the fiscal sphere, with the revenue expenditure of the Centre rising at a faster pace than revenue receipts, the deficit on revenue account is estimated to enlarge to Rs. 9,842 crores for 1988-89, as compared with Rs. 8,497 crores in 1987-88. After taking into account the surplus on capital account, the overall deficit is budgeted at Rs. 7,484 crores in 1988-89 as compared with Rs. 6,080 crores in the previous year. The deterioration in the central finance is mainly due to the sharp rise in non-Plan expenditure particularly under interest payments, defence and subsidies.

Scheduled commercial banks' operations during the current financial year so far (up to December 30, 1988) have been characterised by a sharp rise in aggregate deposits. Accretion to aggregate deposits of scheduled commercial banks during the financial year 1988-89 so far (up to December 30, 1988) was Rs. 21,394 crores (18.1 percent) as against a rise of Rs. 17,402 crores (16.9 percent) during the comparable period of 1987-88.

**Forex reserves down:** On the external front, the pressures on the balance of payments witnessed in the first three years of the Seventh Plan are expected to continue in 1988-89. Foreign exchange reserves during April to December 1988 declined by Rs. 1,052 crores as against

Rs. 528 crores in the corresponding period of 1987. The level of foreign exchange reserves at the end of December, 1988 was equivalent to less than three months of imports.

The trade deficit, according to provisional data, during April to October 1988 widened to Rs. 4,936 crores from Rs. 3,484 crores in the corresponding period of 1987, due mainly to a rise in imports of 28 percent, which more than offset the increase in exports of 22 percent. On the invisible account, the increase in tourist traffic may be somewhat lower than in the preceding year. Inward remittances from non-resident Indians may not show any increase over the previous year. The net inflow of deposits under the Foreign currency Non-resident Account scheme during April to December, 1988 amounted to Rs. 1,547 crores as against Rs. 946 crores in the same period last year. The scheduled repayment obligations to the International Monetary Fund (IMF) during the year would be higher than in the previous year. Debt service obligations on external assistance and commercial borrowings would also show an increase.

As for balance of payments, the current financial year is expected to witness a further deterioration in the current account deficit both in absolute terms as well as in relation to Gross Domestic Product (GDP). The average ratio of current account deficit to GDP during the first four years of the Seventh Plan will be higher than 1.6 percent postulated in the Plan. The order of current account deficit experienced during the Seventh Plan period so far has been large. It is necessary that the deficit is reduced in absolute terms so as to ease the pressure on external finance. In this context, exports will have to play a crucial role in containing the current account deficit. A careful watch on the growth in imports is also necessary.

**Inflation:** The inflationary pressures have been more pronounced at the retail level than at the wholesale level during the year so far. The price increase on a point-to-point basis under the Consumer Price Index for industrial workers (base: 1960—100) up to November, 1988 at 10.0 percent was higher as compared with a rise of 4.2 percent in the Wholesale Price Index for the same period. The moderation in the pace of increase of consumer prices would, perhaps, be visible after some time. It may, however, be noted that the increase in CPI in the current financial year was almost the same as that recorded during the comparable period of 1987-88 (10.1 percent).

The large Budget deficit and the current account deficit remain areas of concern.

#### Investment Activity

##### PTI reports:

The excellent monsoon has raised expectations of the better performance of the economy in 1988-89 and improved prospects of an acceleration in new investment

activity. Such optimism is corroborated by recent provisional data available in respect of investment indicators.

Stock exchanges have turned buoyant in recent months. The average index of equity prices recorded a rise of 6.7 percent during April-November 1988 in contrast to a decline of 9.8 percent during the corresponding period of the preceding year. The rise in sensitive index of selected equities traded on the Bombay Stock Exchange has been much sharper and has scaled new peaks in November 1988.

The spurt in investment activity was also reflected in a sharp increase of 77.6 percent in financial assistance sanctioned by the all-India term lending institutions during April-September 1988. Though disbursement of assistance is rather slow, it is likely to pick up substantially in the coming months.

#### Central Statistical Office

46001298 New Delhi PATRIOT in English  
28 Jan 89 p 1

[Text] The total national income (i.e. net national product at factor cost) in 1987-88 is estimated at Rs 1,50,573 crore as against Rs 1,45,675 crore in 1986-87 showing a rise of 3.4 percent during the year, reports PTI.

The estimates say that the slightly lower growth rate of national income compared with that of GDP is mainly because of higher level of consumption of fixed capital.

India's gross domestic product registered a larger growth of 3.6 percent in the worst drought year of 1987-88 compared to 2.5 percent visualised earlier, according to the quick estimates released by the Central Statistical Organisation.

GDP at factor cost at constant (1980-81) prices in 1987-88 is estimated at Rs 1,70,363 crore against Rs 1,64,441 crore in 1986-87, showing an increase of 3.6 percent.

At current prices, the GDP in 1987-88 is estimated at Rs 2,93,306 crore representing an increase of 12.5 percent over Rs 2,60,680 crore in 1986-87.

The per capita income in "real terms" is estimated at Rs 1918 for 1987-88 against Rs 1892 for 1986-87—a rise of 1.4 percent.

At current prices, the national income in 1987-88 is estimated at Rs 2,57,813 crore as compared to Rs 2,29,010 crore in 1986-87, showing a rise of 12.6 percent during the year.



There was a fall of 3.5 percent in the production of foodgrains from 143.4 million tonnes in 1986-87 to 138.4 million tonnes in 1987-88, mainly attributable to decline in production of rice (6.8 percent), gram (20.1 percent), arhar (1.6 percent), bajra (27.3 percent), maize (25.9 percent), ragi (14.2 percent) and barley (4.6 percent).

In the case of other crops, there was an increase in the production of oilseeds (9.8 percent), sugarcane (5.7 percent) and potato (11.0 percent) while there was a decline in production of kapas (6.9 percent), tobacco (22.3 percent), and jute (21.8 percent).

In animal husbandry, there was an increase of 1.2 percent in the value of output as against 4.0 percent during 1986-87. This has resulted in an overall fall of 1.1 percent in net value added in agriculture as against a fall of 2.3 percent observed during 1986-87.

Forestry also registered a decline of 2.5 percent. All other industries registered a positive growth rate.

These industries either maintained the growth rate achieved in 1986-87 (for example, construction, real estate, ownership of dwellings and business services, transport by other means and other services) or achieved somewhat lower growth rate as compared to 1986-87.

In order to derive the gross domestic product at market prices so that it equals the expenditure on GDP, the GDP at factor cost is adjusted by adding indirect taxes net of subsidies.

As the various components of gross domestic expenditure, for example, consumption expenditure and capital formation, are normally measured at market prices, the following figures are in terms of market prices only.

Private final consumption expenditure at current prices works out to Rs 221057 crore in 1987-88 forming 66.9 percent of the gross domestic product at market prices.

The per capita expenditure during the year works out to Rs 2816 at current prices as against Rs 2578 during the previous year and Rs 1709 at constant (1980-81) prices as against Rs 1677 during the previous year.

The expenditure on all the items in 1987-88 has increased as compared to the previous year except beverages, pan, tobacco and other intoxicants, in which case the fall is mainly due to the decline in the production of tobacco (22.3 percent).

The share of food items as a whole in the total consumption expenditure showed a decline in 1987-88 as compared to last year, while the share of transport and communication and miscellaneous goods and services showed an increase.

The net domestic saving has declined slightly from Rs 33561 crore in 1986-87 to Rs 32962 crore in 1987-88 and constitutes 11.1 percent of net domestic product at market prices as against 12.7 percent in the previous year.

However, the net saving of the household sector has gone up by 7.2 percent from Rs 38160 crore in 1986-87 to Rs 40893 crore in 1987-88 and that of the private corporate sector from Rs 486 crore in 1986-87 to Rs 783 crore in 1987-88.

The public sector, on the other hand, showed a steep decline in the net saving from a negative saving of Rs 5085 crore in 1986-87 to a negative saving of Rs 8714 crore in 1987-88.

The decline in the net saving of the public sector is due, in addition to the large negative saving of the Government administration, to the increase in the consumption of fixed capital from Rs 13103 crore in 1986-87 to Rs 14907 crore in 1987-88.

### **Delhi Republic Day Parade Displays Military Strength**

46001296 Bombay *THE TIMES OF INDIA* in English  
28 Jan 89 p 7

[Text] New Delhi, Jan. 27. The Republic Day parade passed peacefully, despite the terrorist threat ranging over the capital. The president, Mr R. Venkataraman, arrived at 9.58 am. At exactly 10.00 am, the national anthem was played and a 21-gun salute fired—and the pageantry of the parade unfolded on Rajpath.

It was a celebration of 39 years of the republic, a celebration preceded by moments of solemnity as the Prime Minister, Mr Rajiv Gandhi, paid homage at the Amar Jawan Jyoti in memory of those who had laid down their lives for the nation, a celebration where the display of India's might was softened by glimpses of its cultural heritage, by the more than 3,800 children who danced down Rajpath.

Vast crowds had made their way to Rajpath, undaunted by the thought of walking, the cold, or the security. They came from near and afar. And among them were some special invitees—this year's chief guest and general secretary of the central committee of the communist party of the socialist republic of Vietnam, Mr Nguyen Van Linh, 79 handicapped children, 30 university toppers, 20 CBSE [Central Board of Secondary Education] toppers and 16 winners of the national youth awards. Not to forget the 8,000 panchayat chiefs and chairmen of municipal bodies who are in the capital for the panchayati Raj sammelan.

Watched intently, and blessed by the rose and marigold petals showered on them, the armed forces, which led the parade, did not miss a step. Close on the heels of Maj

Gen Vinod Badhwar, parade commander and general-officer-commanding, Delhi area, came the proud winner to the Param Vir Chakra, the Ashok Chakra and the Victoria Cross—ten gallant persons driven in jeeps.

The army contingent came next, led by the famous 61st cavalry, which won two equestrian gold medals during the 1982 Asiad, and followed closely by a contingent of the remount and veterinary corps, resplendent in maroon and yellow uniforms.

Horses made way for guns and tanks, the contingent of Vijayanta tanks from the 87 armoured regiment, the 105-mm field guns of the 15 field regiment, the 130-mm gun of the 310 medium regiment and the 214 rocket regiment's 122-mm multi-barel rocket launchers followed in quick succession—an awesome display of might. The Bofors gun, too, found its way to Rajpath for the second time.

On show for the first time were "Kartik", the first Indian bridge layer tank developed by the defence research and development organisation which needs just three minutes to span obstacles.

Part of the Indian Peace-Keeping Force's equipment was also on display—the state of the art anti-tank missiles fitted onto BRDM-IIS. From the sophisticated cymbeline radar to the Osa-AK air defence system, used against low-flying aircraft, was a short step.

As the combat team, a mixed force of mechanised, infantry and armoured sub-units, rolled past the dazed layman, a ray of reality came with the electrical and mechanical engineers corps float, which showed a helicopter and tank turret under repairs.

The crowds perked up as the marching contingents came up—a riot of colour as a benign sun shone on red, blue and green turbans on uniforms and headgear splashed occasionally with gold, the light blue bare of the CRPF's [Central Research Police Force] mahila contingent and the elaborately-decorated camels of the BSF [Border Security Force] and the brisk pace of the Delhi police contingent, adjudged the best among para-military forces in 1987.

The names were familiar—the Bombay Sappers, the Punjab, Jat and Sikh regiments, the 11 Gorkha rifles, the ITBP [Indo-Tibetan Border Police], the Railway Protection Force, the military police and the territorial army.

Dashing in their winter uniforms, the sailors marched past, followed swiftly by three floats with models of the aircraft carrier, "INS Viraat", the latest Indian guided-missile frigate, "INS Gomati", and the sea king ship-borne helicopter.

### **New Rebel Groups Seen Forming in Tripura, CPI-M Blamed**

46001302 Calcutta *THE STATESMAN* in English  
1 Feb 89 p 12

[Text] Agartala, 31 Jan—After almost a decade-long futile rebellion by the TNV [Tripura National Volunteers] [I] came to an end with it signing of the peace accord in New Delhi last year, a new group of tribal belligerents seem to have become active in some of Tripura's sensitive hill areas. They have renewed the demand for a "sovereign State of Tripura." The "Tripura National Liberation Front," a clandestine tribal outfit seemingly imitating the GNLF [Ghurka National Liberation Front], has distributed some pamphlets in the sadar north areas of the West district, with its demands along ethnic lines.

The TNV chief, Mr Bijoy Kumar Hrangkhaw, promptly dispelled doubts regarding his TNV's role. "There is no question of support to the desperados, as we know the days of insurgency in the north-eastern States are now over." He was, however, reluctant to comment on the TNLF demands, "because many may misunderstand me."

Mr Hrangkhaw said that he had already asked his men to collect specific information about the kingpin behind the unrest, as well as the movement of the armed gangs. "I have already given what information I could gather to the chief secretary of Tripura. I believe it is simply a law and order problem at its nascent stage, to be dealt with firmly," he said.

### **CPI-M Machination**

The ruling Congress-TUJS [Tripura Upajati Juba Samiti] circles felt that it was nothing but the CPIM's [Communist Party of India-Marxist] machination to destabilize the situation by organizing tribal militants in the hill pockets for carrying out "killing and pillage afresh."

### **Gun Without Politics**

The State police officials still seem complacent with the notion that the gun without politics is not so dangerous. Reports suggest that one or two million gangs possess stenguns and semi-automatics. Movement of the armed and uniformed tribals led by Mr Akshoy Halam, Mr Kala Devbarma and Mr Sukhram Devbarma was reported from the sadar north areas of the West district and Demchhara, Chhaumanu, south Dhumachhara and Taibaklai villages, along with the Atharamura hills ranges of the north district. Series of attacks on vehicular traffic, looting and intimidation by the armed tribal gangs were earlier reported from these areas.

### CPI-M Version

According to the opposition CPI-M, the disgruntled TNV elements who opposed the peace accord and refused to lay down arms have now become active again. The sources attached significance to Mr Chuni Koloi's crusade against Mr Hrangkhawl. Mr Koloi, who was in fact the second in command of the former underground TNV ranks to lead the first rebel batch to the Arakan Hills for training in arms in the late '70s, was nabbed by the CRPF [Central Reserve Police Force] [1] in the north Tripura district five years ago. Mr Koloi was subsequently given a life-term by the court for sedition and killing. Four of his accomplices were imprisoned. After the peace accord with the TNV was signed in August last year, Tripura's Home Minister, Mr Sakir Ranjan Burman, took a special initiative to release Mr Koloi and his followers from jail.

Mr Hrangkhawl's reluctance to talk to Mr Koloi in jail before finalizing the peace accord, which did not even refer to the latter's release from jail, was the reason behind Mr Koloi's anger.

### Reduced to a Tool

Mr Koloi has apparently become an instrument in the hands of a Congress-I faction led by the State's Home Minister, Mr Burman. "Mr Burman, who gave me freedom, is my only mentor and guide and I shall always go by his advice," Mr Koloi said in a statement after his release.

In a series of tribal meetings organized by the local units of the Congress-I and the TUJS, Mr Koloi recently spearheaded his campaign against Mr Hrangkhawl, as well as the CPI-M. He charged Mr Hrangkhawl with having misguided tribal youths in the name of a struggle for a "sovereign State of Tripura" and embezzling lakhs of rupees from TNV funds earlier collected as "revenue" from the people. Mr Koloi also warned Mr Hrangkhawl with dire consequences.

Mr Hrangkhawl, however, restrained his comments on Mr Koloi's charges. "He is talking emotionally, making baseless charges. He will never be able to establish even a single allegation against me. Our accounts are clear...He was incited to mount an attack on me," Mr Hrangkhawl said.

### Bombay Jews Deny Israel Courting Them To Move

46001309 Calcutta THE TELEGRAPH in English  
3 Feb 89 p 5

[Article by Lekha Dhar]

[Text] Bombay, Feb 2—Prominent Jews in the city have brushed aside as "rubbish" a Kuwaiti newspaper report alleging a secret plan to "induce" thousands of Indian Jews to emigrate to Israel to compensate for its failure to attract Soviet Jews.

"It is a lot of propaganda. There are not more than 7,000 Jews all over the country, a majority of whom are in Bombay and other parts of Maharashtra," said Mr Sam Abraham, former president of our Central Jewish Board of India.

Mr Abraham, a product manager of Hindustan Lever, dismissed as "utter rubbish" a secret plan by Israel called "Ali Baba" to attract Indian Jews like the similarly code-named operation used for the large-scale emigration of Iraqi Jews in the Fifties.

"The CBI [Central Bureau of Investigation] was making enquiries with me some days back," Mr Abraham said referring to the report in the Kuwait newspaper AL SIYASSH.

The newspaper recently reported that "Tel Aviv intended to fly 35,000 Indian Jews into Israel within the coming two years." Countering this, Mr E.M. Jacob, also former head of the Jewish board said: "This is false propaganda. Even if you doubt the census figures, there are not more than 6,000 Jews in the country. So how is it possible that 35,000 Indian Jews are being flown to Israel."

According to the 1981 census there are 5,518 Indian Jews, 2,817 male and 2,801 female. Of this 4,354 are in Maharashtra, a majority 3,076 of whom reside in greater Bombay.

"On Yom Kippur, which is a very important day for us with almost 90 percent of the Jewish community getting together, there are empty chairs. Formerly we had to hire chairs, so you can imagine what the Jewish population here is. Even attendance at the synagogues has fallen," says Mr Jacob, who has been in Bombay since 1920, and has no intention of emigrating to Israel.

Mr Amos Radian, Israeli consul-general in Bombay, wondered how "serious newspapers are carrying such a stupid news item." The Jewish population in India is stated to be 35,000, but it is actually not more than 6,000. It shows you that the report has nothing to do with serious news.

"The Jews in India never had any problems. It is one of the very few countries in the world where Jews never suffered from prosecution. And India has never prevented Jews from leaving the country, so what is the relevance of a secret operation to induce Indian Jews to move to Israel? This is journalistic licence, Mr Radian told THE TELEGRAPH.

Jewish leaders here did point out, however, that immigration to Israel from India is taking place. According to a leader on an average about 10 to 12 Jews from poorer sections leave for Israel every month.



A prominent Jewish leader said a number of Jewish parents settled in Bombay who did not really want to go to Israel "have done so because their children who were studying there have opted to stay on. But this has nothing to do with a large-scale migration plan being secretly worked out by Tel Aviv."

A senior Jewish librarian at the USIS here said: "The government does not allow any Jewish agency to operate here. The first thing the Indian government would do is crack down on any Jewish operation of this kind, if it existed."

### **Papers on Developments in CPI, Relations With CPI-M**

#### **Gupta on Party Congress**

46001310 New Delhi *PATRIOT in English* 4 Feb 89 p 6

[Text] Calcutta, Feb 3—CPI [Communist Party of India] deputy general secretary Indrajit Gupta, MP [Member of Parliament], reiterated here today that his party would oppose any electoral adjustments by the secular opposition parties with communal organisations.

Communalism is the biggest divisive force today not only in the form of BJP [Bharatiya Janata Party] and Muslim League but also in the shape of Viswa Hindu Parishad Babri Masjid Committee. The growth of this phenomenon would end up dividing the country, Mr Gupta asserted.

Mr Gupta told newsmen that the 14th party congress of the CPI would take place in Calcutta from 6 to 11 March. Already Communist parties of 41 countries, including USSR, China, France, Italy, Cuba, Nicaragua, Vietnam, Angola, South Africa and groups leading various national liberation movements like SWAPO [South-West African People's Organization] and PLO have confirmed their participation.

According to Mr Gupta the unity of the Communist movement in India has become an urgent issue, especially when the rightist forces seemed to be on the offensive. "The congress party had failed to combat them consistently. Instead its entering into electoral adjustments with them. It is thus the pressing task of the Communists to mobilise all the left and democratic forces to defeat the rightists," Mr Gupta said.

This urgency had caught on with the CPI-M [Communist Party of India-Marxist] as well. After the Trivandrum party congress of the CPI-M, its re-elected general secretary E M S Namboodiripad had underlined the need for Communist unity. But it seems, Mr Gupta said, "due to certain persistent reservations in his party Mr Namboodiripad later modified the statement."

Mr Gupta said despite differences on the domestic political issues between the two Communist parties objective conditions have paved the way for close cooperation in many spheres. He said the party programmes were not unalterable and permanently fixed documents. "When objectively needed these can be suitably changed," he asserted.

Mr Gupta dismissed speculation that the recent CPI-M politbureau meeting had decided to wind up the National Campaign Committee [NCC] as totally untenable. He said the NCC was formed not as an electoral front but to launch mass movements on concrete democratic programme. Janata Dal and the constituents of the National Front was more than welcome to join these mass movements.

Mr Gupta said that the ouster of the congress from power was imminent with growing disenchantment among the masses provided we have a left and democratic, credible alternative "the left was trying to usher in such an alternative", Mr Gupta said.

#### **Communist Differences Reviewed**

46001310 Madras *THE HINDU in English*  
20 Jan 89 p 10

[Text] New Delhi, Jan 19. The publication of the CPI's [Communist Party of India] draft political resolution, to be presented at its 14th congress in Calcutta in March this year, is being awaited with interest as it would throw light on the prospects of unity between the two Communist parties. A committee, empowered at the last congress to revise and up-date the party programme is scheduled to present its report soon and its recommendations are expected to be reflected in the draft of the political resolution.

Following the CPI(M) [Communist Party of India-Marxist] general secretary, Mr E. M. S. Namboothiripad's remarks at the public meeting in Trivandrum, that the path to the unity of the two parties was easing up with an end to mutual differences on some crucial issues, it was assumed that the parties would be moving towards unity in great earnestness. Subsequent clarifications by him and the CPI general secretary, Mr C. Rajeswara Rao's comments at a press conference in Calcutta however indicate that the process, when taken up, would be a long-drawn one.

**Basic differences persist:** Mr Namboothiripad had pointed out that differences between the two Communist parties, vis a vis the attitude to be adopted towards the Congress(I), communal forces and the Communist Party of China [CPC], no longer existed. The CPI now stood on the same side as the CPI(M) in opposing the Congress(I) and communal forces and was following in the same direction of building friendly relations with the CPC. However, basic differences persist between the programmes of the two parties, specifically with regard to the class nature of the Indian State and the revolutionary

path to be followed. While the CPI(M) characterises the Indian State as a bourgeois-landlord one dominated by the big bourgeoisie, the CPI characterises it as a bourgeois one, pointing out that the attempts at land reform would not have been pursued if the landlords had been in alliance.

As for the path to be taken by the revolution, the CPI(M) holds that a peoples democratic state, under the leadership of the working class, must be established in the transitional stage to socialism. On the other hand the CPI's unrevised programme holds that the transitional stage can be one where there is a national democratic stage, in which the working class need not necessarily exercise the leadership.

The CPI(M) maintains that there can be no question of unity till the CPI changes its programme on these two aspects. The CPI appears set to revise its stand on the non-capitalist path to development of newly liberated countries, that it would be possible for the working class to align with progressive sections of the national bourgeoisie to take such countries to socialism, by-passing the stage of capitalism. In the context of the growth of the public sector in the early decades after Independence and the nationalisation of banks, etc., effectuated by Indira Gandhi, this advocacy of the non-capitalist path had facilitated the CPI's alliance with the ruling party. The party reversed its policy of extending support to the ruling party after its Bhatinda Congress in 1978 and is now set to abandon its formulations on the non-capitalist path. The CPI(M) however, is interested in knowing whether the CPI would go further and repudiate its formulation on the national democratic revolution and revise its assessment of the Indian State.

Mr Rajeswara Rao, reflecting a strong section of opinion in his party, has taken umbrage at the CPI(M)'s insistence that the CPI change its programme and has like others in his party criticised what they call the CPI(M)'s overbearing attitude. A section in this party is, however, of the opinion that the split in the Indian Communist movement could be traced to the divergence in attitude towards the CPC and that programmatic differences which existed in the 1960s could have been resolved through discussions in the united party. Since there was a unity of approach towards the Chinese party today, they feel that the time is ripe for a dialogue on programmatic issues. The CPI(M) for its part points out that the dialogue has been going on through the medium of their respective publications and that what has to be seen is whether there is a change in the CPI's programme.

#### **Press Reports on Aspects of Indo-Soviet Cooperation**

##### **Health Pact Signed**

46001282 Bombay *THE TIMES OF INDIA* in English  
1 Feb 89 p 21

[Text] New Delhi, January 31—An Indo-Soviet protocol for co-operation in the field of medical sciences and

public health was signed here yesterday by the Soviet deputy minister for health, Dr A. I. Kondrousev, and Mr R. Srinivasan, secretary, health.

The protocol envisages co-operation in radiology, traumatology, orthopaedics and in new techniques of diagnosis in 1989 and 1990. The Soviet side has also offered to train an ophthalmology unit for India.

##### **Research in Metallurgy**

46001282 Madras *THE HINDU* in English  
28 Jan 89 p 9

[Text] Moscow, Jan. 27—India and the Soviet Union have agreed to set up an advanced research centre in Hyderabad for powdered metallurgy. A Soviet organisation in Byllorussia will be India's partner in the new venture.

This is one of 80 joint projects finalised during consultations between a high-power Indian delegation led by the Science and Technology Secretary, Dr. Vasant Gavrikar, and the Soviet officials. Dr. Gavrikar held a series of meetings with the chairman of the Soviet Academy of Science, Prof. Guri Marchuk, when the team visited the country recently.

##### **Bank in Bombay**

46001282 Madras *THE HINDU* in English  
28 Jan 89 p 9

[Text] New Delhi, Jan. 27—The Soviet Bank for Foreign Economic Affairs (BFEA) has been permitted to open a branch in Bombay and the existing representative office there is to be shifted to New Delhi. The decision of the Indian Government was communicated to the BFEA Chairman, Mr. Y. S. Moskovsky, by the Finance Minister, Mr. S. B. Chavan during a meeting here.

The Minister appreciated the line of credit extended by the BFEA to the Industrial Development Bank of India. The Rs. 100-crore credit would be used for financing import of CG machinery, equipment, etc. mainly by the private sector. The loan would carry an interest of four per cent and would be repayable in 20 semi-annual instalments extending over 10 years.

##### **Energy Protocol Signed**

46001282 Calcutta *THE TELEGRAPH* in English  
18 Jan 89 p 4

[Article by Sandhya Jain]

[Text] New Delhi, Jan. 17—India and the Soviet Union yesterday signed a protocol to enable the country to generate an additional 3,270 MW of power through one hydel power and four new thermal power projects. The total Soviet assistance is expected to be around Rs 3,000 crores. It will cover up to 50 per cent of the project costs and will be in the form of supply of equipment, transfer of know-how and credit.

The credit agreements for the projects will be signed in March along with the supply contract, so that work can begin in January 1990 and the projects can be commissioned during the 8th Plan period itself. With the two-step approach, both countries have succeeded in eliminating a lot of red tape.

Under the protocol, India will acquire 500 MW super critical boilers for the first time. These boilers, which have a higher thermal efficiency, will be acquired for the Vindhyachal stage II project.

The country will also acquire an 800-KV transmission line for the first time (actual transmission will be of 765 KV). The 800-KV line, which will be executed in collaboration with the National Thermal Power Corporation [NTPC], will bring power from Rihand and Vindhyachal to Delhi, besides dramatically reducing the transmission and distribution (T&D) losses, it will make theft of power virtually impossible.

The new projects, which are to be taken up during the 8th Plan, include the Kayamkulam 420 MW (2x210 MW) in Kerala; the Mangalore 420 MW (2x210 MW) in Karnataka; the Vindhyachal stage II 1000 MW (2x500 MW) in UP and the Maithon 630 MW (3x210 MW) in Bihar and the Kol Dam hydel power project of 800 MW (4x200 MW). The thermal power projects will be executed by the NTPC and the hydel power project by the NHPC [National Hydroelectric Power Corporation].

The protocol was signed by the Soviet deputy minister for power and electrification, Mr A. P. Poddubsky, and the power secretary, Mr S. Rajagopal, at the conclusion of the week-long discussions of the Indo-Soviet joint working group.

The working group also discussed the progress of the ongoing projects which are receiving Soviet aid, including the Kahalgaon thermal power project in Bihar which was due to be synchronised on January 12, 1989, the Vindhyachal stage I and the Tehri Dam project. They also discussed the completion of the crucial 400 KV Kishenpur-Srinagar segment of the Dulhasti-Kishenpur-Srinagar transmission line running through high-altitude snow-bound areas; the line is now expected to be completed by September 1992.

While the sites for the new thermal power projects have been selected and approved by the energy ministry, the location of the ash pond for the Mangalore plant has been found inadequate from the environmental point of view.

#### **Reporter Tells Problems of Launching Indigenous IRBM**

46001294z Madras THE HINDU in English  
25 Jan 89 p 9

[Article: "IRBM Test Any Time"]

[Text] New Delhi, Jan. 24—India's intermediate Range Ballistic Missile (IRBM) project's technology demonstrator missile is likely to be tested any time now.

Observers say the test of the missile, which was fabricated a year ago and has been on readiness-status for the past eight months, has been held up awaiting signal from the top political leadership, the Prime Minister, Mr Rajiv Gandhi. The test was expected some time in September-October 1988 but postponed because it was felt that with the death of Gen. Zia-ul-Haq, it could adversely affect the electoral outcome in Pakistan and hinder improvement of bilateral relations. After the elections, however, the test was stalled pending Mr. Gandhi's visit to Pakistan and Beijing.

Defence analysts, while generally agreeing that the test would have had an adverse impact on the emerging relations with Pakistan, however question the wisdom of the postponement because in respect of China, it would have given India some stature in its dealings with the latter which, after all is nuclear armed and has been the only country on record to have supplied IRBM missiles to a third country, Saudi Arabia.

There is a feeling among a section of Mr. Gandhi's advisers that the test could also have an adverse fallout in U.S. administration circles where the Indian Government is attempting to capitalise on the improved climate of relations. Further, it is felt the test should be carried out after February-March when the nature of the U.S. arms package to Pakistan will become clearer. As of now only the wish-list is visible, but once Congressional committees go into session next month, it will be known whether any qualitative changes have taken place to justify the Government's optimism.

**Negative impact:** While the Government is completely justified in taking into account the wider ramifications of such a test, the long postponement has had a negative impact on the missile programme as such since further flight tests of the Prithvi battlefield support missile, the first of which was held on February 25 last year, have been held up with the support personnel deployed 'on-hold' for the Agni test.

According to some defence specialists, the test of the Agni goes beyond many of these calculations. They argue that the prolonged setbacks that have affected the civilian launch vehicle programme make it imperative that India retain the technological momentum it gained with the SLV-3'S success. One way of ensuring this is to encourage the military programme which has an autonomous base and which can in no time be adapted for civilian use.

The two-stage Agni demonstrator has a solid-fuelled first stage and a liquid-fuelled second stage. A successful test would immediately place India in a qualitatively different slot in terms of defence capability. However, the current dilemma facing New Delhi is not technological but political.



The political aspects are not just international opinion, but the inability to move ahead with the setting up of a national missile testing range at Baliapal in Orissa in the face of a local agitation. The defence establishment stands bemused: it has made remarkable strides in missile technology only to be confronted with a situation where it may have no place to rest and launch the missile. The Agni test when it comes will take place from an old range nearby at Chandipur-on-sea, which has been designated as an interim test range.

**Correspondent on Issues in Indo-U.S. Relations**  
46001287 Calcutta *THE STATESMAN* in English  
20 Jan 89 pp 1, 9

[Article by Warren Unna: "Bush Yet To Spell Out South Asia Policy"]

[Text] Washington, Jan. 19—President George Bush's new Administration, which begins at noon tomorrow, has yet to define its thoughts about U.S. policy toward South Asia; secretary of State-Designate, James Baker didn't even get around to the region in his tour d'horizon Senate Foreign Relations Committee confirmation hearings this week; and someone has yet to be selected for the key policy role of Assistant Secretary of State for Near East-South Asia to replace the retired Ambassador Richard Murphy.

Nevertheless, the career Government officials with responsibility for the area are encouraged by India's new initiatives towards both Pakistan and China; have hopes, but not wide-eyed dreams, for the new regime of Pakistan Prime Minister Benazir Bhutto; anticipate some new bilateral problems with India; promise no quick fixes or policy changes.

Among U.S. bilateral issues with India is a matter involving something called "trade-related intellectual property" (TRIPS); at least one military transfer of technology item, the "air combat maneuvering instrumentation" (ACMI); concern over India's development of missiles with a dual military capability; and the interest of at least some members of the U.S. Congress in India's treatment of its Sikh community; does this constitute a global human rights matter?

But overall and foremost is the interest in India's new harmonization moves towards its neighbours.

"We are especially impressed that, after three years, India and Pakistan have been able to sign an agreement not to attack each other's nuclear installations," one key U.S. Government official declared. "This is important in substance as well as symbolically. We realize there has been no rapid advance in general. It is an age-old problem with political differences and difficulties. Prime Minister Bhutto has to consolidate her mandate. Prime Minister Gandhi faces an election. It would be silly for

the United States to come up with the usual American optimism. But these developments are encouraging. They (India and Pakistan) are off to a very good start."

As for the recent summit in Beijing, it was said: "We didn't anticipate any solid breakthrough on the border. But we are satisfied that further groundwork was laid. It is significant that the meeting took place and it all reflects on Prime Minister Gandhi's interest in dealing with a changing situation in South Asia."

As for Prime Minister Bhutto, the view is that "she's off to a good start" in dealing with her country's President, the Pakistani civil service, and, particularly, the military.

As for continuance of the massive U.S. military and economic aid programme to Pakistan under a post-Zia, post-Afghanistan situation, President Ronald Reagan certified last November that Pakistan doesn't possess a nuclear weapon, and that continued U.S. aid significantly reduces this possibility. This certification doesn't have to be renewed until the end of the current U.S. fiscal year, September 30. The House of Representatives Foreign Affairs Asia and Pacific Affairs Subcommittee is scheduled to begin hearings next month on a two-year U.S. foreign aid allocation after that period.

As for Pakistan continuing to be a U.S. "front-line state" with the departure of the Soviet troop occupation of neighbouring Afghanistan, the "Afghan problem" is expected to fester for an indefinite time. U.S. officials are convinced the Soviets will meet their commitment to withdraw all their troops by the promised February 15 deadline. But a political settlement is something else again.

"This is something for the Afghans to work out for themselves. We don't have any blueprint. We don't have any favourites. This is something in which no foreign power can play a role. What we are looking for is a transfer of power to the resistance, which is the Afghan people. So far, the Soviets want a sharing of power, which is not—acceptable to the resistance movement. We have urged a political settlement, but we can understand why not," one U.S. official explained.

It was noted that, while the "Shura" of seven Peshawar-based resistance alliances is willing to share half of any new regime's governing with resistance fighters within Afghanistan, this is very unlikely to satisfy Moscow's concern that there also be sufficient representation from the protege regime it is leaving behind in Kabul.

#### Now to the U.S. Bilateral Issues With India

"Trade-related intellectual property," or "TRIPS," currently is a major item on the agenda of the General Agreement on Tariffs and Trade (the GATT). The United States pressured particularly by its drug and pharmaceutical industries, wants the GATT to impose

substantive norms within each member country to protect against patent infringements—i.e., piracy. These industries contend that they are forced to charge high prices on their products abroad because of all the money involved in research and development to produce them—and they require safeguards against developing countries, such as India and Brazil, coming up with competing products which, taking advantage of their research and development, could be marketed at much lower prices.

In addition, the U.S. Congress, well aware that India now enjoys a large trade surplus with the United States suffering from a global trade imbalance, is fearful that India's cheap labour advantage next will be joined by an Indian technological advantage.

India counters that imposing such substantive norms would violate its sovereignty. Indian officials also foresee that the U.S. Congress already aggrieved by America's staggering imbalances in international trade, is sympathetic to the drug and pharmaceutical lobbyists' claim that property rights involve protection of U.S. technology—and may step up the protectionist measures U.S. legislators already have underway. However, contrary to its earlier position when India declared there is nothing to discuss, India now is telling the United States that "TRIPS" involve border crossings and so is trade, and so is legitimate subject for discussion. But, as part of its bargaining stance, India is asking the United States to come forth with its examples of "TRIPS" incursions.

The "air combat manoeuvring instrumentation" (ACMI) involves an entirely different controversy. This highly-sophisticated machine monitors airborne mock fighting exercises for accuracy by recording pilot performance with complete objectivity. The U.S. Cubic Corporation, until now the sole manufacturer, sells it for a price varying from \$70 to \$80 million which India is willing to pay for, in cash. The Indian offer has been made for the past decade, and was re-emphasized during last year's visit to India by U.S. Defense Secretary Frank Carlucci. The U.S. Air Force reportedly gave its okay.

#### **Navy's No**

But last month, the U.S. Assistant Secretary of Defense for International Security Affairs, Richard Armitage, visited Delhi after Islamabad. He informed the Indians they couldn't have their much-sought gadget because the U.S. Navy is convinced India, Brazil, and Japan now are the future big maritime powers—and doesn't want to encourage them. Even U.S. officials acknowledge Navy career officials maintain a built-in "bias" against India, possibly influenced by the U.S. Navy's annoyance with India's military relationships with the Soviet Union.

France now is developing a similar fighter pilot training monitor, so India thinks it soon may have an alternative option.

Another potential issue of Indo-American contention this year is India's missile research and development. India is determined to go ahead on this as a defence precaution against Chinese submarines offshore and China's own missiles just across her border in Tibet.

The United States, however, sees global proliferation of missiles, and their ability to carry nuclear warheads, as a high-priority arms race matter which needs to be discouraged. The United States and seven of its Western European economic partners, have formed a "missile technology control regime" (MTCR)—and are trying to get both the Soviets and the Chinese to join in enforcing global restraints.

Until recently, the United States had focused on military nuclear capabilities among the heretofore nuclear "have-nots". Now, with Congress's urging, the executive is becoming increasingly aware of the importance of missiles for delivering the nuclear warheads. It is trying to establish international standards of dangerous thresholds—distance capabilities.

#### **Papers Report on Aspects of Policy Towards Israel**

**Speech at Human Rights Meeting**  
46001307 New Delhi PATRIOT in English 6 Feb 89 p 7

[Excerpt] London, Feb 5 (PTI)—India has criticised Israel for 'flagrant violations' of human rights in the occupied Arab territories including Palestine.

Speaking on behalf of the Indian delegation to the 45th session of the Human Rights Commission in Geneva, on the agenda item "question of the violation of human rights in the occupied Arab territories including Palestine," Mr S.S. Ahluwalia, MP [Member of Parliament], said Israel was continuing its policy of violating international commitments and listed a number of specific violations flowing from the occupied territories.

He stressed that the responsibility of the international community was more manifest than ever before and that urgent measures must be taken to prevent a further deterioration of the situation and to ensure an effective protection of the basic rights of the civilians in the occupied territories.

A report from the Indian mission in Geneva said, Mr Ahluwalia also referred to the declaration of the independence of the state of Palestine and the subsequent session of the United Nations General Assembly in Geneva in December, 1988 on the question of Palestine.

He commended the framework of the Palestine peace initiative and hoped that this would evoke a simultaneous and constructive response from Israel.

Mr Ahluwalia said it was "regrettable, that there has not yet been any encouraging response from the Israeli government, on the contrary flagrant violations of human rights by Israel in the territories occupied by it continue unabated."

#### **Visa Office in Tel Aviv Possible**

46001307 Calcutta *THE TELEGRAPH* in English  
29 Jan 89 p 4

[Article by Sankarshan Thakur]

[Text] New Delhi, Jan. 28: The Government of India is actively considering a proposal to open a visa office in the Israeli capital, Tel Aviv, it is learnt. The move follows the visit earlier this month by a team of the Anti-Defection League (ADL), an influential American Jewish group, which met the external affairs minister, Mr P.V. Narasimha Rao, among others, during its five-day stay in the country.

The request for opening a visa office is believed to have been followed up by Mr Stephen Solarz, chairman of the US congressional sub-committee on Asia and the Pacific. According to sources, the possibility of upgrading ties with Israel was also discussed during Mr Solarz' meeting with the Prime Minister, Mr Rajiv Gandhi.

Though opening a visa office does not mean an upgradation in relations in diplomatic terms, it would amount to a concession, since India has so far refused to reciprocate the Israeli gesture of opening a consulate in Bombay.

Spokesmen of the external affairs ministry have been consistently denying any move to upgrade diplomatic relations with Israel but, according to reliable sources, there has been "some movement" on the front in recent weeks. The visa application of a senior Israeli foreign ministry official, Mr Yousuf Hadass, is awaiting clearance in New Delhi and is likely to be accepted soon. He is believed to have sought permission to come to India on a 15-day tourist visa and wanted his visit to coincide with the ADL group's tour.

Sources explained that the move had gained ground particularly after the recognition of Israel by PLO chairman, Mr Yasser Arafat, recently. Though India had recognised the state of Israel as far back as in 1950, it never maintained full-scale diplomatic ties with the country for reasons of solidarity with the Palestinian cause. Indications of a fresh initiative on the Indo-Israeli front also come from the fact that Indian spokesmen for improvement in relations with Israel have become active again.

The Janata Party leader, Dr Subramanian Swamy, is believed to have written to the Prime Minister last week urging that India open a visa office in the Israeli capital. Dr Swamy argued in his letter that Jews of Indian origin in Israel were having problems getting an Indian visa and

had to go to European capitals for the purpose. Opening a visa office in Tel Aviv was essential, Dr Swamy argued, if only to "protect the interest of non-resident Indian Jews." Dr Swamy also took up the matter during his meeting with Mr Rajiv Gandhi earlier this month. Sources said Dr Swamy had been assured that his request would be considered.

Another significant development in this regard is that the Government of India has, for the first time, cleared a group of five senior journalists for a week-long visit to Israel on invitation from the Israeli government. While four of the group are already in Israel, the invitee from the United News of India (UNI) has decided to stay back despite being told that the government had no objection to the trip.

#### **Indian Moves 'in Order'**

46001307 Bombay *THE TIMES OF INDIA* in English  
20 Jan 89 p 12

[Editorial: "Dealing With Israel"]

[Text] The reasons why India should not establish full diplomatic relations with Israel at this point of time are obvious enough. The Jewish state still refuses to do business with the PLO, despite the latter's unequivocal acceptance of its right to exist. Any shift in India's stand would, therefore, place it out of step with the greater part of the non-aligned world, not to speak of the Arab countries where it has acquired much goodwill on account of its steadfast espousal of the Palestinian cause. Indeed, Israeli leaders, both right-wing and left-wing, have shown no signs that they wish to vacate the occupied Arab territories, or even to deal with Palestinian discontent there in a humane manner. In the face of such inflexibility India has little to gain by rushing to normalise its ties with Israel. Yet New Delhi cannot but take into account several recent developments that would seem to warrant a cautious increase in contacts with Tel Aviv. The Arab countries themselves, apart from fully endorsing the momentous change in the PLO's posture, have ended their boycott of Egypt for extending diplomatic recognition to Israel in 1979. Both the superpowers have taken steps that are clearly designed to unfreeze the situation in West Asia. Soviet gestures of goodwill towards Israel follow as a corollary, while the United States, in a dramatic break from the past, has started talks with the PLO. Indeed Mr Arafat himself has held widely publicised meetings in Stockholm with leaders of the American Jewish community.

In the light of these developments certain actions by New Delhi appear to be in order, even if they have raised some questions about India's motives. These include the recent talks in the capital with a delegation of the Anti-Defamation League (ADL) of B'nai B'rith, the powerful U.S. Jewish organisation, and the decision to extend the jurisdiction of the Israeli consulate in Bombay to cover Kerala in addition to Maharashtra. There are other developments as well suggesting a thaw in



relations. These very pointers have understandably fuelled speculation regarding a shift in India's basic position regarding Israel. New Delhi has seemed at times to be secretive, and at others blatant, about these developing contacts. This has created the impression that it is unable to decide its course. It is clear, however, that it has, quite rightly, opted for caution and circumspection. This having been made clear by Mr Narasimha Rao to visiting U.S. Congressman Stephen Solarz, New Delhi need not fight shy of acknowledging its exploratory contacts.

#### **Anti-Defamation League Visit**

46001307 Madras *THE HINDU in English*  
18 Jan 89 p 8

[Article by F.J. Khargamvala: "Covert Contact With Israel?"]

[Text] The recent visit of a three-member delegation of the Anti-Defamation League (ADL) of B'nai B'rith to India reveals what policymakers hope is a pragmatic political strategy and one that has been in the making over the past seven months in the Indian Foreign Office. It is this visit that has finally brought it out of the woodwork.

The Government has not made any official statements to this effect, but it has not tried to be too secretive about the visit of the top executives of the ADL, though that part of it having nothing to do with India's policy in West Asia could have been left to the public's intelligence. Among other things, the fact that it was Mr. A.S. Gonsalves, Secretary in the External Affairs Ministry dealing with West Asia—and not the Foreign Secretary who handles India-US matters and was in station—who along with Mr. P.K. Singh, Joint Secretary (Americas), had talks with the visitors is indicative of the indirect India-Israeli linkage.

It is doubtful if the whole process began with an Indian initiative but no observer would have any doubt that the move, bringing into the open, on Indian soil, official top level contacts with American Jews, is intended to influence a 5.8 million powerful community which has immense political and economic clout in the U.S.

#### **Two Questions**

The aim would be to facilitate the flow of high technology, aid and moderate Washington's hitherto anti-Indian position on several issues of concern to Asia. A lot more can be said about the fallout of this welcome move on relations with Pakistan but two questions come foremost to the minds of Indian observers of the West Asian scene.

Where was the compelling need to raise the visibility of such contacts, especially in an election year, when previous Indian Governments have traditionally been wary about the effect on the Muslim vote? Also allied to this

point is, why the ADL? Next, even if one gives the Government the benefit of doubt concerning hopes for aid and technology from the U.S., what is the price that India will be required to pay?

It is true that Egypt has worked successfully on American Jewish bodies but then India is not Egypt. Anwar Sadat's Egypt had already paid the highest political price in advance, the neutralisation of one of the two frontline Arab military powers, Iraq, by the admission of Mr. Nizar Hamdoon, former Ambassador in Washington and now Deputy Foreign Minister, also lobbied U.S. media support in the last two years of the Gulf war.

#### **Balancing Move**

There is very little doubt that the payment demanded by the Jewish lobby in America has to be made in a currency that benefits Israel. It is unlikely that India would do this in an election year. To that extent the spokesman's clarification about the policy towards Israel remaining unchanged is accepted. But as a balancing move and just to make it appear that the contacts with the ADL do not have a bearing on India's Palestine policy, the Government may do well to upgrade quickly the PLO office in New Delhi to an embassy of Palestine.

For protocol purposes the Government lists the PLO office as an embassy, but senior officials make the subtle difference that the representation at present falls short of what five Gulf regimes, Jordan, Algeria, Iraq, the two Yemens, and China have accorded the state of Palestine (no longer the PLO). It is a quirk of diplomacy that whereas in India the Prime Minister goes to the airport to receive the PLO Chairman, most of the Arab nations mentioned do not give him that honour. This attitude stems partly from certain social factors that are not relevant here.

If India does not take this balancing step, the question needs to be asked, why not? that may well be the first instalment of the price New Delhi is paying, because all through the Eighties, India has led the nonaligned and the Arabs, too, on matters concerning Palestine.

As for the timing of the ADL contacts being brought into the open, one possible explanation is that Mr. Yasser Arafat has himself seen fit to woo openly American Jews as in Stockholm last month on the eve of the U.N. General Assembly debate on Palestine. This development and its coincidence with the "tourist" visa application to India by an Israeli Foreign Ministry Additional Secretary level official are too stark to be ignored. Before that, a word about the Anti-Defamation League of B'nai B'rith.

#### **All Embracing Charter**

The B'nai B'rith (Sons of the Covenant), founded in 1843 is the oldest and largest Jewish service organisation in the world. It is represented at the U.N. through its

membership of the Coordinating Board of Jewish Organisations. Its charter is all embracing—social, cultural and political—and it is extremely alive in the field of human rights, though it is blind to their abuses in Israel. The organisation is fundamentally one that broadly promotes Israel and the Jews. The B'nai B'rith has also established the Hillel Foundation in more than 70 American universities as a counselling service for Jewish students and to promote Jewish cultural and social activities on the campuses.

### Vicious Campaign

The ADL is known to indulge in a vicious campaign among American opinion makers against countries supporting the PLO and keeping Israel at arm's length. In a report issued in May 1987 called "India's campaign against Israel," it had meticulously traced the history of how India had shunned Israel. Some of the factual details listed make it obvious that much of its material came from the Israeli Foreign office.

A full reading of the report gives a picture of the animus of the ADL but two items of the report's conclusion need mention, if only to indicate how blind it is to Israel's record and how it is a case of a very black pot calling the kettle black. It comments about India's "frequent disregard for the minimum standards of civility and law required among nations." Later, in a tone that can be mildly described as arrogant, it says, "It is time for the international community to let India know that unless it ceases to inject its anti Israel politics into events aimed at furthering the spirit of international cooperation, it will be forced to forfeit its frequent role as a host nation." This relates to India's earlier policy of severe scrutiny of Israeli delegation visa applications even for international conferences.

Some of the ADL's charges are fairly valid but the conclusions show the venom underlying them. Interestingly this report was released just before India agreed to play Israel in the Davis Cup in New Delhi. One might ask if the timing of the report's release influenced India at that time. The Government of India is in possession of this ADL report.

It is difficult to disregard the probability that rather than take the initiative in the matter of contacts with American Jews, the Government has decided to make a virtue out of what has almost been pushed down its throat. While several questions need to be answered, that likelihood by itself does not make the approach unwelcome.

Israeli officials do not make a secret of the fact that top U.S. Government officials spoke to Mr. Gandhi during the 1985 visit to Washington about India-Israel relations. As a result Israel, after some nine months of obstruction by South Block officials, was able to post a Vice Consul at its Consulate in Bombay after the 1982 expulsion of the Consul. One Israeli official even told this correspondent that when Mr. Gandhi met Mr.

Shimon Peres in New York, the latter tried to tie a personal bond by remarking that their wives had the same name. Indian officials deny that any meeting took place.

In June last year when Mr. Gandhi visited New York, a prominent American Jew he received was Mr. Morris Abrams, who has just relinquished charge as the Chairman of the Conference of Presidents of the 46 Major American Jewish Organisations. It would be naive to believe that Mr. Gandhi's advisers were not then armed with the 1987 ADL report. Despite that India agreed to have this particular body as its interlocutor without so much as a retraction of the abuses.

After Mr. Gandhi returned to India, the post of the Israeli Vice Consul in Bombay was elevated to that of a Consul, a step that was appropriate in action but questionable in timing. An interesting feature of the ADL report is that though it lists purported Indian acts against Israel even during Mr. Gandhi's tenure, nowhere does it mention his name. Pandit Nehru and Indira Gandhi are frequently censured.

An added reason for believing that South Block is under pressure is that immediately after the Intifada began in the Israeli occupied areas, Israel publicly denounced charges of brutality by saying that its handling of the uprising was nothing compared to what the Government of India was doing to Sikhs. One might legitimately ask, why the rush to meet the ADL? And why this meeting with the Foreign Minister, Mr. P.V. Narasimha Rao, the man who is listed in the ADL report as having accused Israel of "genocide" and of committing a "holocaust?" Incidentally, two of the members of the ADL team received by India were signatories to the ADL report, including the Chairman, Mr. Burton Levinson.

The ADL is to honour Mr. George Shultz in June for his anti PLO moves, the citation saying that he denied Mr. Arafat a visa, Mr. Abrams, after accusing the Jews who met Mr. Arafat as the five "willing dupes," subsequently accepted the U.S.-PLO dialogue. To stress the "American-ness" of the ADL and to imply at the height of the uprising that the ADL's anti-Palestine politics is its own affair and would not affect India's position is quite illogical.

By that reasoning India should not have severed its ties with Israel for occupying Arab lands and refusing Palestinian self determination. Indeed it should never have imposed a ban on Indian official contacts with any American Jewish organisation.

If these developments lead to a positive shift in Washington's position on the subcontinent and a greater inflow of all that India seeks from the United States then it certainly addresses New Delhi's vital concerns. The worrying factor lies in the fundamentals of diplomacy—in one word, reciprocity.

### Payment to Israel

In this specific case the payment will have to be made to Israel. Only the uninitiated would make any other assessment. Everybody knows what Israel's primary requirement from India is. Open political recognition, not diamond trade or covert contacts in dryland farming or exchanges in reverse osmosis. Gradually the price will be linked to what India seeks in Washington. India has refrained from linking the establishment of relations with Israel to a specific move by Israel on Palestine, unlike the Soviet Union. In ordinary circumstances it is wise to keep such options open but, given the surrounding developments, South Block is even willing to bend under pressure. At best, because of the growing trade India should permit the Israeli Consul to move officially outside Maharashtra, a State to which he is now confined.

Covert contacts are likely to intensify, freer flow of Israelis to India and other steps may be taken but the first real test should come later this year. The incoming Bush Administration is pledged to having the U.N. reverse Resolution 3379 that equates Zionism with racism. Ask any Israeli official and you will know this is an extremely sensitive issue, to be rated on par with South Africa. India voted for the resolution.

### Support for Resolution

The last known position of New Delhi is as stated by Mr. Rajiv Gandhi at a press conference in Damascus in the first week of June last year. After a rather long question, one pressperson asked, "What is your position on the resolution equating Zionism with racism?" Mr. Gandhi answered the first question at some length and replied, "We support the resolution," but it was done very skilfully in a very low key as if the answer was a continuation of the previous sentence.

Some observers are credited with the view that this shift towards Israel is taking place because of the emerging situation in this volatile region. India is one of the few countries that have adhered to the well known dictum for West Asia: never anticipate developments, always react to them.

**Analyst Discusses Problems of Communist Unity**  
46001285 Calcutta THE TELEGRAPH in English  
16 Jan 89 p 5

[Article by Manini Chatterjee: "CPI Leaders Welcome Unity Talks With CPM"]

[Text] New Delhi, Jan. 15: The CPI [Communist Party of India] leadership here has heartily welcomed the CPI(M) [Communist Party of India-Marxist] general secretary, Mr E.M.S. Namboodiripad's statement on communist unity and is eager to hold a dialogue with the CP(M) leaders to sort out the basic differences that led to the historic split in 1964.

Though the CPI is unlikely to make any major changes in its programme, party leaders said they would like to hold talks with the CPI(M) leaders on the subject. In an interview yesterday, the CPI leader, Mr M. Farooqi, said, "There are two ways of settling our basic ideological differences—either we indulge in fierce polemics as was the case in the Sixties and Seventies or we have a dialogue between the leadership of the two parties."

Mr Farooqi felt that both the parties had changed their positions since the 1964 split and the Indian situation too had undergone a change. Therefore, only a dialogue between the two parties on ideology could help in unity efforts. At present, "left unity" as opposed to "communist unity" had only meant working together on immediate issues but Mr Namboodiripad's recent speech had added a new dimension, CPI sources feel.

Mr Namboodiripad, in his concluding speech at the massive public rally in Trivandrum on January 1, had said differences between the two parties had narrowed down considerably and communist unity was possible. Though Mr Namboodiripad later denied the possibility of a merger between the two parties, his statement was significant on several counts, the CPI feels.

For the first time since 1964, a CPI(M) leader had publicly referred to the CPI as a communist party. The CPI(M) so far, has considered the CPI at best a "left party." Moreover, Mr Namboodiripad spelt out three areas where differences with the CPI had narrowed down. First, both the parties were fighting against the Congress(I), second the CPI was on the same side as the CPI(M) on the question of national unity and communalism, and thirdly the CPI had changed its hostile attitude towards China and there was an overall change in the international communist movement.

However, despite Mr Namboodiripad's statement the CPI(M) would not even consider unity unless the CPI carried out basic programmatic changes, the CPI(M) sources insist.

Mr Namboodiripad's statements appeared to have been made with the CPI's impending 14th Congress in mind. In the last party Congress in Patna in 1985, a seven-member committee was formed to revise and update the CPI programme which had remained untouched since 1964. The revised programme will be placed at the 14th Congress in Calcutta in March.

The CPI(M) has consistently maintained that the split took place because of the acute differences in the united party over the characterisation of the Indian state and the path of revolution. The split in the international communist movement as a result of the Sino-Soviet differences only served as a catalyst in the break-up of the united CPI, the CPI(M) insists.



In sharp contrast, the CPI leadership holds the view that the split took place primarily because of the international situation and were it not for China, the two factions could have continued debating within the united party and no split would have taken place.

Given this fundamental difference on the very question of the split, a programmatic unity remains a distant ideal as far as the CPI(M) is concerned. The CPI, on the other hand, feels that since the international situation has drastically changed and the CPSU [Communist Party of the Soviet Union] and CPC [Communist Party of China] are once again almost on "bhaibhai" terms, communist unity in India is not only feasible but necessary.

Of even greater importance is the fact that the CPI no longer supports the Congress Party and ever since its Bhatinda Congress in 1978, when it rejected the Dange line, has been working in tandem with the CPI(M) on almost all major issues. The CPI leaders feel that since both the parties have similar views on the Congress(I), on the Opposition and on immediate tactical formulations, there should be no hesitation to unite.

Speaking on the subject, Mr M. Farooqi said, "Real unity can take place if we talk on the basis of the reality today and not look too deeply in the past. The official policy of the CPI since the Bhatinda Congress is to work for the unification of the communist parties on a principled basis. We repeated this at the Varanasi Congress, then again at the Patna Congress and will reiterate it at the Calcutta Congress."

#### **Papers Report, Comment on Visit of Vietnam Delegation**

##### **23 Jan Talks**

46001293 Madras *THE HINDU* in English  
24 Jan 89 p 9

[Article by K.K. Katyal: "India Ready for Role in Kampuchea"]

[Text] New Delhi, Jan 23. Taking a positive view of the recent moves to resolve the Kampuchean tangle, including Vietnam's decision to advance the withdrawal of troops from there, India has reiterated its willingness to serve in any control commission or supervisory outfit to ensure a smooth implementation of a political settlement for that country. Among the hopeful pointers on Kampuchea was the possibility of Vietnam and China upgrading their direct contacts (which have just begun at the level of deputy foreign ministers).

This and New Delhi's resolve to expand bilateral economic ties with Vietnam, provided the setting for today's talks between the General Secretary of the Vietnamese Communist Party, Mr. Nguyen Van Linh and the Prime Minister, Mr. Rajiv Gandhi. Mr. Linh, who

will be the chief guest at the Republic Day celebrations, arrived here today. Soon after he plunged into discussions with Indian leaders which will continue for the next two days.

The Prime Minister and Mr. Linh, who met without aides, discussed a whole range of issues, global, bilateral, regional with specific reference to Kampuchea. This was followed by talks between the two delegations—the Indian participants included the Minister of State, Mr. Natwar Singh, the Commerce Minister, Mr. Dinesh Singh, and the Finance Minister, Mr. S.B. Chavan, while the four ministers, accompanying Mr. Linh were among the Vietnamese team.

Mr. Linh, surveyed the internal developments in his country since the party Congress in January 1987 and the developing situation in the region—here again, Kampuchea figured at length. Included in it was a brief resume of their direct contacts with China (both China and Vietnam matter a lot as regards the search for a solution for Kampuchea). The Vietnam Vice Foreign Minister came to Beijing for talks with his Chinese counterpart in the first visit of its kind after years of estrangement and conflict. The contacts with the Chinese Government could be upgraded, according to Mr. Linh.

**Paris talks:** From the Indian side, Mr. Natwar Singh briefed the visitors on his recent talks in Paris (at the time of the international conference on chemical weapons) with the Foreign Ministers of China and Indonesia, Mr. Qian Qichen and Mr. Ali Atlas respectively and Prince Sihanouk, the ex-monarch of Kampuchea, now in exile. India has reasons to be gratified at the latest hopeful turn in relation to Kampuchea, because of the initiative taken by it in October 1987. The visiting leaders appreciated India's desire for friendly relations in political, economic, financial and commercial fields.

India today extended a new government-to-government credit of Rs.100 millions to Vietnam. An agreement to this effect was signed by Mr. Chavan and the Chairman of the Vietnamese State Planning Committee, Mr. Dau Ngoc Xuan. This is the seventh such credit, the earlier ones, amounting to RS.600 millions have been fully utilised or committed.

New Delhi will cooperate with Vietnam in its plans for off-shore drilling for oil and for generating nuclear energy (with a provision for the training of Vietnamese nuclear scientists in India).

**Ceremonial welcome:** Earlier, Mr. Nguyen Van Linh received a warm ceremonial welcome at the forecourt of the Rashtrapati Bhavan.

Speaking briefly to reporters after inspecting the combined services guard of honour, the Vietnamese leader said he felt it "a great honour" to be in India on the occasion of the country's Republic Day.

Mr. Van Linh and his 12 member delegation, which includes the Foreign Minister, Mr. Nguyen Co Thach will be in India for six days. Several rounds of talks have been scheduled between Mr. Gandhi and Mr. Van Linh, including two rounds on board the special aircraft which will take them to Bombay and back.

#### More on Talks, Speeches

46001293 New Delhi *PATRIOT* in English  
26 Jan 89 p 1

[Text] India and Vietnam have strongly advocated that developing nations pool their resources in science, technology and manpower so that they can ensure their own growth and development in the coming years.

Prime Minister Rajiv Gandhi and visiting Vietnamese Communist Party general secretary Nguyen Van Linh, who have had two rounds of discussions over the last two days, agreed that developing countries need to husband and consolidate their major human resource, particularly in the fields of science and technology, and meet the challenge of growth. This, they felt, becomes particularly crucial towards the end of the century. The poorer countries can no longer afford to depend on the developed countries whose priorities have now shifted from the political colonisations of the nineteenth and twentieth centuries to a whole-minded pursuit of absolute economic domination.

Mr Rajiv Gandhi also laid emphasis on the need for self-reliance. Political freedom, Mr Gandhi said in a speech at a banquet in honour of Mr Linh, can therefore easily be subverted. "We stand on our feet, refusing to be deceived by the temptations and blandishments of those who would have us bargain our political freedom against the promise of faster growth," Mr Gandhi said.

The two leaders discussed at some length the peace process now underway for a solution to the Kampuchean Imbroglio. Both leaders showed optimism that the next round of informal talks at Jakarta will lead to the convening of an international conference on Kampuchea to ensure the peaceful transition once Vietnamese troops complete total withdrawal.

The Prime Minister said India was convinced that the Non-Aligned Movement could play a complementary role in this process. India also welcomed other attempts, including direct negotiations, for a peaceful settlement, Mr Gandhi said while affirming full support to the peace process initiated by Vietnam. India, he said, wanted to see Kampuchea at peace, sovereign and non aligned.

In Mr Linh's discussion with Mr Gandhi, and in foreign minister Nguyen Co Thach's four hour talks with Minister of State K Natwar Singh, Vietnam briefed India on its recent discussions with China at the deputy minister level. China, they said, has been in agreement that Kampuchea should be nonaligned and sovereign, and

have in effect, given up their insistence linking Vietnam's full withdrawal to the subsequent peace process. Vietnam feels that China has come to realise that it can no longer continue to support Pol Pot.

Vietnam's leaders praised highly the role India has played in Indo-China. They feel India should be an integral part of the international discussions. Those involved should include India together with Vietnam, Indonesia, China, the US, the Soviet Union. Vietnam is also making it clear that Laos too should be a party to the negotiations as it has a long border with Kampuchea.

#### Details on Communique

46001293 Bombay *THE TIMES OF INDIA* in English  
31 Jan 89 p 15

[Text] New Delhi, Jan 30 (UNI). India and Vietnam have called for linking Vietnamese troop withdrawal from Kampuchea with cessation of all foreign interference and assistance for solving the Kampuchean problem.

In a joint communique issued here, the two countries said Vietnam's announcement on complete withdrawal of its forces from Kampuchea by September this year, if a negotiated political solution was found by then, had lent an impetus to the process of restoring peace and stability in the region.

The communique was issued yesterday at the end of the Vietnam Communist Party general secretary, Mr Nguyen Van Linh's six-day visit to India.

It urged for continuing the current dialogue on Kampuchea for a political settlement that would ensure the independent, nonaligned and peaceful status of Kampuchea.

The communique said the two sides welcomed the Jakarta informal meeting (JIM) process, the initiative taken within the framework of the nonaligned movement, the dialogue in Paris and bilateral discussions between various countries on the Kampuchean question.

The communique said both India and Vietnam firmly upheld the rights of the Kampuchean people to "freely determine their own destiny and live without the fear of the return of the genocidal policies and practices of the Pol Pot regime."

The Vietnamese side appreciated India's role and contribution to peace and stability in south-east Asia in the past 40 years and to the process of searching for a political situation to the Kampuchean issue at present.

Reviewing bilateral relations, Mr Nguyen and the Prime Minister, Mr Rajiv Gandhi, noted that political relations were excellent and that economic, scientific and technical co-operation between the two countries had been growing steadily.

The Vietnamese side expressed its appreciation at India's agreeing to extend a further government credit of Rs 10 crore to Vietnam for importing capital goods from India. Discussions have been initiated to identify goods to be supplied under this credit.

The two leaders expressed satisfaction at the broad understanding reached regarding the rescheduling of previous government credits and commodity loans, extended by India to Vietnam.

The two sides welcomed the agreement reached on co-operation in the exploitation of oil in Vietnamese off-shore waters.

The two leaders expressed satisfaction at the implementation of the agreement between the two countries on the peaceful uses of nuclear energy.

They expressed satisfaction [at] the conclusion of a new cultural exchange programme and at the identification of new areas of co-operation, including sericulture, cotton cultivation, small-scale industries, civil aviation, maritime transport and telecommunications.

In their discussion on other international issues, the leaders welcomed the improvement in the general global climate and said the new international situation "posed challenges while presenting opportunities for non-aligned countries in their struggle for a safer and more just world order."

Meanwhile, the President, vice-president and the Prime Minister have accepted invitations from Mr Van Linh to visit Vietnam.



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